



Healthy Learning Academy, Inc.

A Component Unit of the Alachua County District School Board

Financial Statements
And
Independent Auditors' Reports

June 30, 2019

KATTELL AND COMPANY, P.L.

Certified Public Accountants Serving the Nonprofit Community

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FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORTS
JUNE 30, 2019
HEALTHY LEARNING ACADEMY, INC.
A Component Unit of the Alachua County District School Board

Contents

INDEPENDENT AUDITORS' REPORT.....	1
REQUIRED SUPPLEMENTARY INFORMATION:	
Management's Discussion and Analysis (MD&A).....	2
BASIC FINANCIAL STATEMENTS:	
Government-wide Financial Statements:	
Statement of Net Position.....	5
Statement of Activities.....	6
Governmental Fund Financial Statements:	
Balance Sheet.....	7
Reconciliation of the Balance Sheet to the Statement of Net Position.....	8
Statement of Revenues, Expenditures and Changes in Fund Balances.....	9
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities.....	10
Notes to the Financial Statements.....	11
REQUIRED SUPPLEMENTARY INFORMATION:	
Budgetary Comparison Schedule – General Fund.....	17
ADDITIONAL ELEMENTS:	
Communication with Those Charged with Governance.....	18
Management Letter.....	19
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	20
Schedule of Findings.....	21
School's Response to Findings.....	22

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Healthy Learning Academy, Inc.

October 24, 2019

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Healthy Learning Academy, Inc. (the School), a component unit of the Alachua County District School Board, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

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

Auditors' Responsibility. Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards required that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions. In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the School as of June 30, 2019, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters - Required Supplementary Information. Accounting principles generally accepted in the United States of America require that management's discussion and analysis and the budgetary comparison schedule, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2019, on our consideration of the School's internal control over financial reporting (internal control) and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control and compliance.

Kattell and Company, P.L.

Management's Discussion and Analysis

June 30, 2019

Healthy Learning Academy, Inc.

A Component Unit of the Alachua County District School Board

This discussion and analysis of the School's financial performance provides an overview of the School's financial activities for the fiscal year ended June 30, 2019. Please read it in conjunction with the School's financial statements, which follow this section.

The following are various financial highlights for fiscal year 2019:

- The School's overall net position decreased by approximately \$32,000, which is about 13%.
- Unrestricted net position at June 30, 2019, was \$24,598.
- The School had total expenses for the year of approximately \$869,000, compared to revenues of approximately \$837,000.
- The School educated 99 and 100 students in 2019 and 2018, respectively, in grades K through 5.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

This annual report contains government-wide financial statements that report on the School's activities as a whole and fund financial statements that report on the School's individual funds.

Government-wide Financial Statements

The first financial statement is the Statement of Net Position. This statement includes all of the School's assets and liabilities using the accrual basis of accounting. Accrual accounting is similar to the accounting used by most private-sector companies. All of the current year revenues and expenses are recorded, regardless of when cash is received or paid. Net position – the difference between assets and liabilities – can be used to measure the School's financial position.

The second financial statement is the Statement of Activities. This statement is also shown using the accrual basis of accounting. It shows the increases and decreases in net position during the fiscal year. Over time, the increases or decreases in net position are useful indicators of whether the School's financial health is improving or deteriorating. However, other non-financial factors, such as enrollment levels or changes in state funding, must also be considered when assessing the overall health of the School.

In these statements, all of the School's activities are considered to be governmental activities. The School has no business-type activities, which are generally financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Following the government-wide financial statements are the fund financial statements. They provide more detailed information about the School's funds.

The School maintains two individual governmental funds, the General Fund and Capital Projects Fund. These funds are considered to be major funds and, accordingly, they are separately displayed.

Governmental funds are accounted for using modified accrual accounting. Modified accrual accounting focuses on available cash and other financial assets that can readily be converted to cash. This provides a shorter-term view of the governmental fund's financial position. A reconciliation is provided with these statements, which helps to explain the differences between the fund financial statements and the government-wide financial statements.

Management's Discussion and Analysis

June 30, 2019

Healthy Learning Academy, Inc.

A Component Unit of the Alachua County District School Board

CONDENSED FINANCIAL INFORMATION

The following table presents condensed, government-wide current year and prior year data about net position and changes in net position.

	2019 Governmental Activities	2018 Governmental Activities
Net Position		
Assets:		
Non-Capital Assets	\$ 52,234	\$ 116,991
Capital Assets, Net	483,082	466,872
Total Assets	<u>535,316</u>	<u>583,863</u>
Liabilities:		
Current Liabilities	27,636	24,960
Noncurrent Liabilities	301,793	321,205
Total Liabilities	<u>329,429</u>	<u>346,165</u>
Net Position:		
Net Investment in Capital Assets	181,289	145,667
Unrestricted	24,598	92,031
Total Net Position	<u>\$ 205,887</u>	<u>\$ 237,698</u>
Change in Net Position		
Program Revenues:		
Charges for Services	\$ 81,156	\$ 84,644
Capital Grants & Contributions	48,221	55,749
General Revenues:		
Florida Education Finance Program	670,412	672,894
Other State Revenues	32,811	26,484
Unrestricted Grants & Contributions	4,294	7,159
Total Revenues	<u>836,894</u>	<u>846,930</u>
Program Expenses:		
Instruction	576,164	538,979
Instructional Support Services	7,533	11,247
General Support Services	263,848	220,061
Community Services	1,015	160
Interest on Long-Term Debt	20,145	20,739
Total Expenses	<u>868,705</u>	<u>791,186</u>
Change in Net Position	(31,811)	55,744
Beginning Net Position	237,698	181,954
Ending Net Position	<u>\$ 205,887</u>	<u>\$ 237,698</u>

Management's Discussion and Analysis

June 30, 2019

Healthy Learning Academy, Inc.

A Component Unit of the Alachua County School Board

OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS

Governmental Activities. The governmental activities generated \$129,377 in program revenues and \$707,517 of general revenues, and incurred \$868,705 of program expenses. This resulted in a \$31,811 decrease in net position.

THE SCHOOL'S INDIVIDUAL FUNDS

General Fund. The fund balance of the General Fund has decreased by \$67,433, from \$92,031 to \$24,598.

Capital Projects Fund. The fund balance of the Capital Projects Fund remained at \$0. The School's debt payments and capital purchases exceeded the capital outlay funds for the year.

BUDGETARY HIGHLIGHTS

General Fund. There were significant differences between original and final budget amounts due to unexpected expenditures in order to comply with new Florida school safety requirements. There were no differences between the final budget and actual amounts.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The School purchased security doors and a fence. Otherwise, the School had no significant capital asset activity. Please refer to a note to the accompanying financial statements entitled *Capital Assets and Depreciation* for more detailed information about the School's capital asset activity.

Debt Administration. The School issued no new debt during the year and made scheduled payments on existing long-term debt. Please refer to a note to the accompanying financial statements entitled *Long Term Liabilities* for more detailed information about the School's long-term debt activity.

ECONOMIC FACTORS

The School currently is not aware of any conditions that are expected to have a significant effect on the School's financial position or results of operations.

CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the School's finances and to show the School's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Suzanne Borganelli (Principal), Healthy Learning Academy, 13505 West Newberry Road, Newberry, Florida 32669.

Statement of Net Position
June 30, 2019
Healthy Learning Academy, Inc.
A Component Unit of the Alachua County District School Board

Assets	Governmental Activities
Cash and Cash Equivalents	\$ 41,560
Grants Receivable	4,469
Prepaid Expense	6,205
Capital Assets:	
Non-Depreciable Capital Assets	190,723
Depreciable Capital Assets, Net	292,359
Total Assets	535,316
Liabilities	
Accounts Payable	4,350
Accrued Payroll Expense	22,149
Due to District School Board	1,137
Long-Term Liabilities:	
Due Within One Year	272,830
Due in More Than One Year	28,963
Total Liabilities	329,429
Net Position	
Net Investment in Capital Assets	181,289
Unrestricted	24,598
Total Net Position	\$ 205,887

See accompanying notes.

Statement of Activities
For the Year Ended June 30, 2019
Healthy Learning Academy, Inc.
A Component Unit of the Alachua County District School Board

	Program Revenues			Net (Expense) Revenue and Change in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
Functions/Programs:					
Governmental Activities:					
Instruction	\$ (576,164)	\$ 81,156	\$ --	\$ --	\$ (495,008)
Instructional Support Services	(7,533)	--	--	--	(7,533)
General Support Services	(263,848)	--	--	28,076	(235,772)
Community Service	(1,015)	--	--	--	(1,015)
Interest on Long-Term Debt	(20,145)	--	--	20,145	--
Total	<u>\$ (868,705)</u>	<u>\$ 81,156</u>	<u>\$ --</u>	<u>\$ 48,221</u>	<u>(739,328)</u>

General Revenues:

State Revenue:	
Florida Education Finance Program	670,412
Other State Revenues	32,811
Unrestricted Grants and Contributions	<u>4,294</u>
Total General Revenues	<u>707,517</u>
Change in Net Position	(31,811)
Net Position – Beginning of Year	<u>237,698</u>
Net Position – End of Year	<u>\$ 205,887</u>

See accompanying notes.

Balance Sheet – Governmental Funds
June 30, 2019
Healthy Learning Academy, Inc.
A Component Unit of the Alachua County District School Board

	General Fund	Capital Projects Fund	Total Governmental Funds
Assets			
Cash	\$ 41,560	\$ --	\$ 41,560
Grants Receivable	4,469	--	4,469
Prepays	6,205	--	6,205
Total Assets	\$ 52,234	\$ --	\$ 52,234
Liabilities and Fund Balances			
Liabilities:			
Accounts Payable	\$ 4,350	\$ --	\$ 4,350
Accrued Payroll Expense	22,149	--	22,149
Due to the District School Board	1,137	--	1,137
Total Liabilities	27,636	--	27,636
Fund Balances:			
Non-Spendable Prepays	6,205	--	6,205
Unassigned	18,393	--	18,393
Total Fund Balances	24,598	--	24,598
Total Liabilities and Fund Balances	\$ 52,234	\$ --	\$ 52,234

See accompanying notes.

**Reconciliation of the Balance Sheet to the Statement of Net Position –
Governmental Funds**

June 30, 2019

Healthy Learning Academy, Inc.

A Component Unit of the Alachua County District School Board

Fund Balances – Total Governmental Funds	\$ 24,598
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not reported in the governmental funds.

Capital Assets – Net of Accumulated Depreciation	483,082
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Long-term liabilities are not reported in the governmental funds.

Notes Payable	<u>(301,793)</u>
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Net Position of Governmental Activities	<u><u>\$ 205,887</u></u>
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See accompanying notes.

**Statement of Revenues, Expenditures and Changes in Fund Balances –
Governmental Funds**

For the Year Ended June 30, 2019

Healthy Learning Academy, Inc.

A Component Unit of the Alachua County District School Board

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
Revenues			
State Revenue:			
Florida Education Finance Program	\$ 670,412	\$ --	\$ 670,412
Public Education Capital Outlay	--	48,221	48,221
Other State Revenues	32,811	--	32,811
Local Revenue:			
School Age Child Care Fees	75,362	--	75,362
Other Local Revenues	10,088	--	10,088
Total Revenues	788,673	48,221	836,894
Expenditures and Changes in Fund Balances			
Expenditures:			
Current:			
Instruction	574,399	--	574,399
Instructional Support Services	7,533	--	7,533
General Support Services	273,159	--	273,159
Community Services	1,015	--	1,015
Capital Outlay	--	8,664	8,664
Debt Service:			
Principal	--	19,412	19,412
Interest	--	20,145	20,145
Total Expenditures	856,106	48,221	904,327
Net Change in Fund Balance	(67,433)	--	(67,433)
Fund Balances, July 1, 2018	92,031	--	92,031
Fund Balances, June 30, 2019	\$ 24,598	\$ --	\$ 24,598

See accompanying notes.

**Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances to the Statement of Activities - Governmental Funds**

For the Year Ended June 30, 2019

Healthy Learning Academy, Inc.

A Component Unit of the Alachua County District School Board

Excess of Revenues over Expenditures – Total Governmental Funds \$ (67,433)

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 depreciated over their estimated useful lives.

Current Year Expenditures for Capital Assets	33,689
Current Year Depreciation Expense	(17,479)

Repayment of principal is an expenditure in governmental funds, but reduces long-term liabilities in the statement of net assets.

Current Year Principal Payments	<u>19,412</u>
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Change in Net Position of Governmental Activities \$ (31,811)

See accompanying notes.

Notes to the Financial Statements

June 30, 2019

Healthy Learning Academy, Inc.

A Component Unit of the Alachua County District School Board.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Healthy Learning Academy, Inc. conform to generally accepted accounting principles as applicable to governments. The more significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

Reporting Entity

Healthy Learning Academy, Inc. is a not-for-profit corporation organized in 2004 pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act, and Section 1002.33, Florida Statutes. The not-for-profit corporation conducts business as Healthy Learning Academy (the School). The governing body of the School is the not-for-profit corporation's Board of Directors.

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 Alachua County District School Board (the District). The current charter is effective until June 30, 2025, and may be renewed up to an additional 10 years provided that a program review demonstrates that certain criteria addressed in Section 1002.33(7), Florida Statutes, have been successfully accomplished. 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 which case the District is required to notify the School in writing at least 90 days prior to the charter's expiration. Pursuant to Section 1002.33(8)(e), Florida Statutes, the charter school contract provides that in the event the School is dissolved or terminated, any unencumbered funds and all School property purchased with public funds automatically revert to the District. During the term of the charter, the District may also terminate the charter if good cause is shown. The School is considered a component unit of the District.

Criteria for determining if other entities are potential component units of the School which should be reported with 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 provide 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.

Government-wide Financial Statements

The government-wide financial statements (the Statement of Net Position and the Statement of Activities) report information on all of the activities of the School. Governmental activities are reported separately from business-type activities, which rely on fees charged to external parties as their primary revenues. The School has no business-type activities.

Any internal inter-fund activity has been eliminated from the government-wide financial statements.

The Statement of Net Position reports the School's financial position as of the end of the fiscal year. In this statement, the School's net position is reported in two categories: net investment in capital assets; and unrestricted net position.

Notes to the Financial Statements

June 30, 2019

Healthy Learning Academy, Inc.

A Component Unit of the Alachua County District School Board.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government-wide Financial Statements (concluded)

The Statement of Activities is displayed using a net-cost format and reports the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges for services that are directly related to a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements

The financial transactions of the School are reported in individual funds in the fund financial statements. The governmental fund statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental funds.

The following funds are used by the School:

GOVERNMENTAL FUNDS

General Fund – The General Fund is the general operating fund of the School. It is used to account for all financial resources, except those associated with grants that are restricted to specified uses.

Capital Projects Fund – The Capital Projects Fund is used to account for financial resources associated with grants that are restricted to capital uses.

In the accompanying fund financial statements, the General Fund and Capital Projects Fund are both considered to be major funds and, therefore, are separately displayed. The School has no non-major funds.

Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the 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.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when the related fund liability is incurred. However, debt service expenditures are recorded only when payment is due.

Most revenues are considered to be susceptible to accrual and have been measured in the current fiscal period. Certain other items are considered to be measurable and available only when cash is received.

Notes to the Financial Statements

June 30, 2019

Healthy Learning Academy, Inc.

A Component Unit of the Alachua County District School Board.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

Cash consists of deposits in financial institutions. Such deposits qualify as public deposits and are insured by Florida's Public Deposits Program as defined in Section 280.02, Florida Statutes. The School has no policy regarding deposit custodial credit risk.

Capital Assets and Depreciation

Capital assets are defined by the School as assets with an initial, individual cost of \$1,000 or more and an estimated useful life of more than one year. These assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value on the date of donation.

Depreciable capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	10 – 39
Furniture, Fixtures and Equipment	5

Revenue Sources

Revenues for current operations are received primarily from the District pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Florida Statutes, the School reports the number of full-time equivalent (FTE) students and related data to the District. Under the provisions of Florida Statutes the District reports the number of FTE students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program. Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the Florida Educational Finance Program and the actual weighted FTE students reported by the School during the designated FTE student survey periods. The School also receives other financial assistance. This assistance is generally based on applications submitted to and approved by the granting agency.

Compensated Absences

The School does not pay for employees' unused sick time and vacation time does not accumulate. Therefore, no liability for compensated absences is recorded.

Long-term Liabilities

Long-term debt and other long-term obligations are reported in the government-wide financial statements. Long-term liabilities are not reported in the governmental funds because governmental funds use the current financial resources measurement focus.

Notes to the Financial Statements

June 30, 2019

Healthy Learning Academy, Inc.

A Component Unit of the Alachua County District School Board.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

Net Position

Net position represents the difference between assets and liabilities and is reported in three categories as hereafter described. *Net investment in capital assets* represents capital assets, net of accumulated depreciation and any outstanding debt related to those assets. Net position is reported as *restricted* when there are legal limitations imposed on their use by legislation, or external restrictions imposed by other governments, creditors, or grantors. The balance of the net position is reported as *unrestricted*.

When both restricted and unrestricted resources are available for use, it is the School's policy to use restricted resources first, and then unrestricted resources as they are needed.

Fund Balance Classifications

Governmental funds report separate classifications of fund balance.

Non-Spendable. The non-spendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted. The restricted fund balance is defined as having restrictions (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed. Committed fund balance is defined as amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the School's Board of Directors.

Assigned. Assigned fund balance is defined as amounts that are constrained by the intent of the School's Board of Directors to be used for specific purposes, but are neither restricted nor committed. The School has given the authority to assign fund balance to the School's Director. Assigned fund balance includes spendable fund balance amounts established by the Director that are intended to be used for specific purposes that are neither considered restricted nor committed. Assignment of fund balance may be (a) made for a specific purpose that is narrower than the general purposes of the government itself; and/or (b) used to reflect the appropriation of a portion of existing unassigned fund balance to eliminate a projected deficit in the subsequent year's budget in an amount no greater than the projected excess of expected expenditures over expected revenues. Assigned fund balance shall reflect management's intended use of resources as set forth each year by the Director. Assigned fund balance may or may not be appropriated for expenditure in the subsequent year depending on the timing of the project/reserve for which it was assigned.

Unassigned. Unassigned fund balance is the residual classification for the general fund.

It is the policy of the School that they will use restricted resources to the extent which they are available, then committed resources, followed by assigned resources. Once these are consumed, the School will then use unassigned resources. The School does not have a formal policy requiring a minimum fund balance.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates. Actual results could differ from those estimates.

Notes to the Financial Statements

June 30, 2019

Healthy Learning Academy, Inc.

A Component Unit of the Alachua County District School Board

NOTE 2 – CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2019, was as follows:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Capital Assets not Being Depreciated:				
Land	\$ 190,723	\$ --	\$ --	\$ 190,723
Capital Assets Being Depreciated:				
Buildings	297,669	26,889	--	324,558
Improvements Other Than Building	33,751	6,800	--	40,551
Furniture, Fixtures & Equipment	56,899	--	(30,936)	25,963
Total Capital Assets	<u>579,042</u>	<u>33,689</u>	<u>(30,936)</u>	<u>581,795</u>
Accumulated Depreciation:				
Buildings	61,955	11,530	--	73,485
Improvements Other Than Building	1,397	2,666	--	4,063
Furniture, Fixtures & Equipment	48,818	3,283	(30,936)	21,165
Total Accumulated Depreciation	<u>112,170</u>	<u>17,479</u>	<u>(30,936)</u>	<u>98,713</u>
Net Capital Assets	<u>\$ 466,872</u>	<u>\$ 16,210</u>	<u>\$ --</u>	<u>\$ 483,082</u>

Depreciation was charged to functions/programs as follows:

Instruction	\$ 1,765
General Support	<u>15,714</u>
Total	<u>\$ 17,479</u>

NOTE 3 – RISK MANAGEMENT

The School is exposed to various risks of loss, including general liability, personal injury, workers compensation, and errors and omissions. To manage its risks, the School has purchased commercial insurance. Settled claims resulting from these risks have not exceeded commercial coverage in the current and previous two years.

NOTE 4 – LONG-TERM LIABILITIES

A summary of changes in long-term liabilities follows:

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019	Amount Due In 1 Year
Mortgage Note Payable	\$ 275,198	\$ --	\$ 10,511	\$ 264,687	\$264,687
Mortgage Note Payable	46,007	--	8,901	37,106	8,143
Totals	<u>\$ 321,205</u>	<u>\$ --</u>	<u>\$ 19,412</u>	<u>\$ 301,793</u>	<u>\$272,830</u>

Notes to the Financial Statements

June 30, 2019

Healthy Learning Academy, Inc.

A Component Unit of the Alachua County District School Board

NOTE 4 – LONG-TERM LIABILITIES (concluded)

Notes Payable

In 2011, the School borrowed \$328,000 to purchase its facilities. The note payable is a fixed rate loan; is collateralized by the School's real property; is amortized over 30 years; carries an interest rate of 6.25%; and includes a balloon payment of \$271,047 due December 2019. The payments are \$2,165 per month.

In July, 2013, the School refinanced its second mortgage and borrowed additional funds for capital improvements. The note is collateralized by the School's real property and is payable in monthly installments of \$878, with 5.75% financing, maturing July 2023. In July, 2019, the interest rate will adjust to a fixed rate equal to the five-year constant maturity treasury plus a margin of 2.75%, never to be less than 5.75% for the remaining term.

Future debt service requirements are as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 272,830	\$ 8,740	\$ 281,570
2021	9,082	1,456	10,538
2022	9,619	919	10,538
2023	9,491	352	9,843
2024	771	3	774
Total	<u>\$ 301,793</u>	<u>\$ 11,470</u>	<u>\$ 313,263</u>

NOTE 5 – EMPLOYEE RETIREMENT PLAN

The School maintains a 403(b) defined contribution pension plan with Oppenheimer Funds. Essentially all employees are eligible and may contribute the maximum amount permitted by law. Employer contributions are determined annually at the sole discretion of the School.

<u>Year Ended June 30</u>	<u>Employer</u> <u>Contributions</u>	<u>Employee</u> <u>Contributions</u>
2017	\$ 14,690	\$ 4,800
2018	\$ 15,929	\$ 3,600
2019	\$ 18,189	\$ 6,600

Budgetary Comparison Schedule – General Fund
For the Year Ended June 30, 2019
Healthy Learning Academy, Inc.
A Component Unit of the Alachua County District School Board

	<u>BUDGETED AMOUNTS</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
State Revenue:				
Florida Education Finance Program	\$ 706,784	\$ 670,412	\$ 670,412	\$ --
Other State Revenues	12,202	32,811	32,811	--
Local Revenue:				
School Age Child Care Fees	73,652	75,362	75,362	--
Other Local Revenues	18,307	10,088	10,088	--
Total Revenues	810,945	788,673	788,673	--
Expenditures and Changes in Fund Balances				
Expenditures:				
Current:				
Instruction	541,827	574,399	574,399	--
Instructional Support Services	12,959	7,533	7,533	--
General Support Services	229,221	273,159	273,159	--
Community Services	49	1,015	1,015	--
Debt Service:				
Interest	36,493	--	--	--
Total Expenditures	820,549	856,106	856,106	--
Net Change in Fund Balance	(9,604)	(67,433)	(67,433)	--
Fund Balances, July 1, 2018	9,604	92,031	92,031	--
Fund Balances, June 30, 2019	\$ --	\$ 24,598	\$ 24,598	\$ --

Note to 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. The fund is the legal level of control.

Kattell and Company, P.L.
Certified Public Accountants Serving the Nonprofit Community

808-B NW 16th Avenue Gainesville, Florida 32601 352-395-6565 www.kattell.com

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

October 24, 2019

To the Board of Directors
Healthy Learning Academy, Inc.

We have audited the financial statements of Healthy Learning Academy, Inc. (the School) for the year ended June 30, 2019, and have issued our report thereon dated October 24, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated July 1, 2019. Professional standards also require that we communicate to you the following information related to our audit.

Qualitative Aspects of Accounting Practices

Accounting Policies. Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the School are described in the notes to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the School during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting Estimates. Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There are no estimates that are particularly sensitive.

Disclosures. There are no disclosures that are particularly sensitive.

Corrected and Uncorrected Misstatements. Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There are no misstatements identified as part of our audit.

Our Working Relationship with Management

Difficulties Encountered in Performing the Audit. We encountered no difficulties in dealing with management in performing and completing our audit.

Disagreements with Management. For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations. We have requested certain representations from management that are included in the management representation letter.

Management Consultations with Other Independent Accountants. In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the School's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Consultations Prior to Engagement. We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the School's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of management and the Board of Directors of the School and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Kattell and Company, P.L.

Kattell and Company, P.L.

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MANAGEMENT LETTER

To the Board of Directors,
Healthy Learning Academy, Inc.

October 24, 2019

Report on the Financial Statements. We have audited the financial statements of Healthy Learning Academy, Inc. (the School), as of and for the fiscal year ended June 30, 2019, and have issued our report thereon dated October 24, 2019.

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

Other Reports and Schedules. We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*, and Schedule of Findings. Disclosures in that report and schedule, which are dated October 24, 2019, 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. In that regard, there were no uncorrected findings.

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 Healthy Learning Academy, Inc., and the school code assigned by the Florida Department of Education is 01-0981.

Financial Condition.

Sections 10.854(1)(e)2., Rules of the Auditor General requires that we report the results of our determination as to whether or not the School has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the School did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, we applied financial condition assessment procedures for the School. It is management's responsibility to monitor the School's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same. See Finding 2019-001 in the Schedule of Findings.

Transparency. Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require that we report the results of our determination as to whether the School maintains on its website the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that the School did not maintain on its website the information specified in Section 1002.33(9)(p), Florida Statutes. See Finding 2019-004 in the Schedule of Findings.

Other Matters. Section 10.854(1)(e)4, Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit we have reported Findings 2019-002 and 2019-003 in the Schedule of Findings.

Purpose of this Letter. Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, the local district school board, the Board of Directors and management of the School, and is not intended to be and should not be used by anyone other than these specified parties.

Thank you for the cooperation and courtesies extended to us during the course of the audit. Please let us know if you have any questions or comments concerning this letter, our accompanying reports, or any other matters.

Kattell and Company, P.L.

Kattell and Company, P.L.

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

To the Board of Directors,
Healthy Learning Academy, Inc.

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Healthy Learning Academy, Inc. (the School) as of and for the year ended June 30, 2019, and the related notes to financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated October 24, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

* * * * *

As required by the Rules of the Auditor General of the State of Florida, we noted certain matters that we reported to management of the School in the management letter dated October 24, 2019.

Kattell and Company, P.L.

October 24, 2019

Schedule of Findings

June 30, 2019

Healthy Learning Academy, Inc.

A Component Unit of the Alachua County District School Board

Financial Condition Assessment

2019-001 Deteriorating Financial Condition

Finding – The School sustained a decrease in fund balance of \$67,433 for the year ended June 30, 2019, which leaves a fund balance of \$24,598. It is not likely that the School could sustain a similar decrease in the coming year without meeting one or more conditions of a financial emergency as described in Section 218.503(1).

Immaterial Noncompliance

2019-002 Employee Retirement Deductions

Finding. – The School did not deposit employee retirement salary deductions into the employee's retirement plan in a timely manner.

Criteria - The Department of Labor guidance states that "If a plan provides for salary reductions from employees' paychecks for contribution to the plan, then the employer must deposit the contribution in a timely manner. The law requires that the participant contribution be deposited in the plan as soon as it is reasonably possible to segregate them from the company assets, but no later than the 15th business day of the month following the payday."

Recommendation. – The School should deposit salary deductions as soon possible and consider if any corrective actions should be made.

2019-003 Completion of Florida Form RT-6

Finding - The School incorrectly reported an employee's pay on the Florida Form RT-6 for the Fourth Quarter of 2018 which overstated the wages and total gross wages on the form by \$141,700. This did not impact the amount of tax owed, only the reporting of the gross wages.

Recommendation - The School should file a correction for this wage with the Florida Department of Revenue as soon as possible.

Transparency

2019-004 Information on School Website

Finding - According to Florida Statutes, the School is to maintain a website that enables the public to obtain information regarding the School as detailed in Sections 1002.33(9)(p). Although the School does have a website, the School budget and prior year annual independent fiscal audit were not posted on the website on September 12, 2019, the day we performed our procedures.

Recommendation - The School should maintain a website in compliance with Florida Statutes with all of the required information.



Healthy Learning Academy

A Tuition-Free, Elementary Charter School

13505 West Newberry Road, Jonesville, FL 32669

www.healthylearningacademy.com

Phone: 352-372-2279

Fax: 352-372-1665

October 24, 2019

Kattell & Company
808-B NW 16th Ave
Gainesville FL 32601

Dear Sir/Madam,

This letter is to verify that I have received the results of the Financial Audit prepared by Kattell & Company, P.L. The following are my responses to the Schedule of Findings.

In regards to 2019-001:- Deteriorating Financial Condition:

We will ensure that Healthy Learning Academy will not have a similar decrease of our fund balance for the 2019-2020 school year. Our enrollment is up considerably and our financial condition will not be considered deteriorating.

In regards to 2019-002:-Employee Retirement Deductions:

We will ensure that we will deposit salary deductions as soon as possible. We have made contact with Invesco and retirement contributions have been made for payroll ending June 30, 2018.

In regards to 2019-003:- Completion of Florida Form RT-6

We will ensure that the school will file a correction for the wage overstated on the Florida Form RT-6 for the Fourth Quarter of 2018 with the Florida Department of Revenue as soon as possible.

In regards to 2019-004-Information on School Website

We will ensure that the school should maintain our website in compliance with Florida Statutes with all required information.

Sincerely,


Suzanne H. Borganelti

Principal

Healthy Learning Academy

Mission Statement: To provide excellence in education with a focus on lifelong health, nutrition, and fitness for the creative mind and healthy body.