
EAGLES' NEST COMMUNITY CHARTER SCHOOLS, INC. DBA

LUCIOUS AND EMMA NIXON ACADEMY

INDEPENDENT AUDITOR'S REPORT

AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

MARK ESCOFFERY, P.A.
CERTIFIED PUBLIC ACCOUNTANT

**EAGLES' NEST COMMUNITY CHARTER SCHOOLS, INC. DBA
LUCIOUS AND EMMA NIXON ACADEMY**

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INDEPENDENT AUDITOR'S REPORT

To the Board Members of Eagles' Nest Community Charter Schools, Inc.
DBA Lucious and Emma Nixon Academy
1780 Mercy Drive
Orlando, Florida 32801

I have audited the accompanying Financial Statements of the governmental activities, and each major fund, of Eagles' Nest Community Charter Schools, Inc. DBA Lucious and Emma Nixon Academy ("the Academy") (a nonprofit organization) a component unit of the District School Board of Orange County as of and for the year ended June 30, 2019 which collectively comprise the Academy's basic financial statements as listed in the foregoing Table of Contents. These financial statements are the responsibility of the Management of the Academy. My responsibility is to express an opinion on these basic 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 policies 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 Eagles' Nest Community Charter Schools, Inc.
DBA Lucious and Emma Nixon Academy
1780 Mercy Drive
Orlando, Florida 32801
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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 Academy as of June 30, 2019, 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 26, 2019, on my consideration of the Academy'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 12 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 26, 2019

**EAGLES' NEST COMMUNITY CHARTER SCHOOLS, INC. DBA
LUCIOUS AND EMMA NIXON ACADEMY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

Our discussion and analysis of Eagles' Nest Community Charter Schools, Inc. DBA Lucious and Emma Nixon Academy's ("the Academy") financial program provides an overview of the Academy's financial activities for the year ended June 30, 2019.

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

For financial statement purposes the Academy is considered a component unit of the District School Board of Orange County, which is a primary government entity for financial reporting. The Academy used the option to present the governmental standards and fund statement on the same page. The Statement of Net Position and the Statement of Activities report provide information on the activities of the Academy. The fund financial statements reflect financing activities of the Academy by providing information on inflows and outflows of spendable resources.

NON FINANCIAL HIGHLIGHTS

The Academy's enrollment at the end of the fiscal year ended June 30, 2019 was 146 students. The Academy expects to have an enrollment of 150 students for the school year 2019-2020.

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 Academy'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 Academy'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 Academy 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.

**EAGLES' NEST COMMUNITY CHARTER SCHOOLS, INC. DBA
LUCIOUS AND EMMA NIXON ACADEMY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

OVERVIEW OF FINANCIAL STATEMENTS (Cont'd.)

Fund Financial Statements (Cont'd.)

Governmental Funds – All of the Academy'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. The governmental fund statements provide a detailed short-term view of the Academy's governmental activities and the basic services it provides.

Notes to Financial statements

The *Notes to the Financial Statements* provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages 15-21 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the Academy's financial position. The Academy's assets exceeded liabilities by \$471,525 at June 30, 2019.

NET ASSETS

	JUNE 30, 2019	JUNE 30, 2018
Current and Other Assets	\$ 314,053	\$ 304,501
Capital Assets	182,012	236,221
Total Assets	\$ 496,065	\$ 540,722
Other Liabilities	19,495	11,486
Accounts Payable	5,045	21,256
Total Liabilities	\$ 24,540	\$ 32,742
Investment in Capital Assets	182,012	236,221
Unrestricted	289,513	271,759
Total Net Position	\$ 471,525	\$ 507,980

Revenues from governmental activities totaled \$1,097,863 for the year ended June 30, 2019. The main source of revenue is from Florida Education Finance Program (FEFP). This revenue represented approximately 80% of total revenue.

Revenue Source	6/30/19	% of Total 6/30/19	6/30/18	% of Total 6/30/18
State Sources	\$ 953,169	85.7	\$ 654,954	43.8
Local Sources	14,199	1.3	411,061	27.5
Federal Sources	144,694	13.0	428,322	28.7
Total	\$ 1,112,062	100.0	\$ 1,494,337	100.0

**EAGLES' NEST COMMUNITY CHARTER SCHOOLS, INC. DBA
LUCIOUS AND EMMA NIXON ACADEMY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd.)

Local revenue sources are primarily aftercare and uniform sales.

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

<u>Expense</u>	<u>6/30/19</u>	<u>% of Total 6/30/19</u>	<u>6/30/18</u>	<u>% of Total 6/30/18</u>
Instruction	\$ 472,653	41.2	\$ 428,807	38.7
Instructional Support	9,733	0.8	12,785	1.2
Board Services	6,764	0.6	23,165	2.1
General Administration	44,700	3.9	32,745	3.0
School Administration	143,038	12.5	186,916	16.9
Fiscal Services	31,331	2.7	23,210	2.1
Food Services	74,326	6.5	67,889	6.1
Operation of Plant	303,379	26.4	297,185	26.8
Central Services	3,249	0.3	6,195	0.6
Community Services	5,135	0.4	-	-
Depreciation	54,209	4.7	27,300	2.5
Total	\$ 1,148,517	100.0	\$ 1,108,459	100.0

BUDGETARY HIGHLIGHTS

Revenues were less than budgeted by approximately \$58,000 primarily due to lower than budgeted enrollment.

There were no significant differences between total budgeted and actual expenses for the year ended June 30, 2019.

There is a balance in the General Fund of \$289,513 at June 30, 2019.

CAPITAL ASSETS

The Academy's investment in capital assets at June 30, 2019 was \$182,012 (net of depreciation). The investment includes furniture, fixtures and equipment. The following is a summary of capital assets balances at June 30, 2019:

Furniture, Fixtures & Equipment	\$ 271,043
	<u>271,043</u>
Less Accumulated Depreciation	89,031
	<u>\$ 182,012</u>

**EAGLES' NEST COMMUNITY CHARTER SCHOOLS, INC. DBA
LUCIOUS AND EMMA NIXON ACADEMY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

PROSPECTS FOR THE FUTURE

The Academy 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 Academy should attain its budgeted number of 150 students for the 2019-2020 school year.
- The Administration believes that the Academy will continue to progress and contribute to the educational needs of Orange County.

REQUESTS FOR INFORMATION

The Management Discussion and Analysis provides a general overview of the finances of the Academy. Requests for additional information should be addressed to Christine Mentis, Executive Director, at 3698 NW 15th Street, Lauderhill, Florida 33311.

**EAGLE'S NEST COMMUNITY CHARTER SCHOOLS, INC. DBA
LUCIOUS AND EMMA NIXON ACADEMY
Governmental Fund Balance Sheet
June 30, 2019**

	<u>Governmental Funds</u>	<u>Special Revenue</u>	<u>Capital Outlay</u>	<u>Total</u>
ASSETS				
Cash	\$232,654			\$232,654
Other current assets	29,906	\$ 32,200	10,293	72,399
Deposits	9,000			9,000
Due from other funds	(13,119)	\$ 23,412	(10,293)	
Total Assets	<u>\$258,441</u>	<u>\$55,612</u>	<u>\$ -</u>	<u>\$314,053</u>
LIABILITIES				
Accrued payroll and benefits	19,495			19,495
Accounts Payable	3,963	1,082		5,045
Total Liabilities	<u>23,458</u>	<u>1,082</u>		<u>24,540</u>
FUND BALANCE				
Restricted		54,530		54,530
Unassigned	234,983			234,983
Total fund balances	<u>234,983</u>	<u>54,530</u>		<u>289,513</u>
Total Liabilities and Fund Balance	<u>\$258,441</u>	<u>\$55,612</u>	<u>\$ -</u>	<u>\$314,053</u>

The accompanying notes are an integral part of this statement

**EAGLE'S NEST COMMUNITY CHARTER SCHOOLS, INC. DBA
LUCIOUS AND EMMA NIXON ACADEMY
STATEMENT OF NET POSITION
For the Year ended June 30, 2019**

ASSETS	Account Number	Primary Government		
		Governmental Activities	Business-type Activities	Total
Cash and Cash Equivalents	1110	\$ 232,654		\$ 232,654
Grant Receivable, Net	1130			
Deposits	1219	9,000		9,000
Other current assets	1230	72,399		72,399
Mortgage Costs, net				
Capital Assets:				
Land	1310			
Land Improvements	1320			
Less Accumulated Depreciation	1329			
Buildings & Fixed Equipment	1330			
Less Accumulated Depreciation	1339			
Furniture, Fixtures and equipment	1340	271,043		271,043
Less Accumulated Depreciation	1349	(89,031)		(89,031)
Motor Vehicles	1350			
Less Accumulated Depreciation	1359			
Total Assets		496,065		496,065
LIABILITIES				
Salaries and Wages Payable	2110	19,495		19,495
Accrued Expenses	2210			-
Accounts Payable	2120	5,045		5,045
Noncurrent Liabilities:				
Portion Due Within One Year:				
Notes Payable	2320			
Liability for Compensated Absences	2330			
Total Liabilities		24,540		24,540
NET POSITION				
Invested in Capital Assets, Net of Related Debt		182,012		182,012
Restricted	2720			-
Debt Service	2750			
Unrestricted		289,513		289,513
Total Net Position		471,525		471,525

The accompanying notes are an integral part of this statement

**EAGLE'S NEST COMMUNITY CHARTER SCHOOLS, INC. DBA
LUCIOUS AND EMMA NIXON ACADEMY
Reconciliation of the Governmental Fund
Balance Sheet To The Statement of Net Position
June 30, 2019**

Fund Balance- Governmental Funds		\$289,513
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds</p>		
Governmental capital assets	271,043	
Less accumulated depreciation	<u>(89,031)</u>	
		182,012
<p>Long-Term Liabilities not due and payable in the current period and therefore are not reported in the governmental funds</p>		
Mortgages Payable		
Net Position of Governmental activities		<u><u>\$471,525</u></u>

The accompanying notes are an integral part of this statement

**EAGLE'S NEST COMMUNITY CHARTER SCHOOLS, INC. DBA
LUCIOUS AND EMMA NIXON ACADEMY
Statement of Governmental Fund Revenues, Expenditures and
Changes in Fund Balance
Year ended June 30, 2019**

	Governmental Funds	Special Revenue	Capital Outlay	Total
EXPENSES				
Instruction	\$427,169	\$45,484		\$472,653
Instructional Support services	9,733			9,733
Board Services	6,764			6,764
General Administration	44,700			44,700
School Administration	143,038			143,038
Fiscal Services	31,331			31,331
Food services		74,326		74,326
Central services	3,249			3,249
Operation of Plant	233,448		69,931	303,379
Community Services	5,135			5,135
TOTAL EXPENSES	<u>904,567</u>	<u>119,810</u>	<u>69,931</u>	<u>1,094,308</u>
PROGRAM REVENUES				
Florida Education Finance Program (FEFP)	881,738			881,738
Capital Outlay			69,931	69,931
Total program revenues	<u>881,738</u>		<u>69,931</u>	<u>951,669</u>
GENERAL REVENUES:				
Other federal sources		144,694		144,694
Other state sources	1,500			1,500
Other local sources	14,199			14,199
Total general revenues	<u>15,699</u>	<u>144,694</u>		<u>160,393</u>
Excess of Revenues over expenses	(7,130)	24,884		17,754
Fund balance, beginning of year	242,113	29,646		271,759
Fund balance, end of year	<u><u>\$234,983</u></u>	<u><u>\$54,530</u></u>		<u><u>\$289,513</u></u>

The accompanying notes are an integral part of this statement

**EAGLE'S NEST COMMUNITY CHARTER SCHOOLS, INC. DBA
LUCIOUS AND EMMA NIXON ACADEMY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019**

FUNCTIONS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
Instruction	\$ 472,653		\$ 42,251		\$ (430,402)
Instructional Support services	9,733		1,500		(8,233)
Board services	6,764				(6,764)
General Administration	44,700				(44,700)
School Administration	143,038				(143,038)
Fiscal Services	31,331				(31,331)
Food services	74,326	102,443			28,117
Central services	3,249				(3,249)
Community services	5,135				(5,135)
Operation of Plant	303,379			69,931	(233,448)
Unallocated Depreciation Expense *	54,209				(54,209)
Total governmental activities	1,148,517	102,443	43,751	69,931	(932,392)
		General Revenues			
					881,739
					14,198
					895,937
					(36,455)
					507,980
					\$ 471,525

The accompanying notes are an integral part of this statement

**EAGLE'S NEST COMMUNITY CHARTER SCHOOLS, INC. DBA
LUCIOUS AND EMMA NIXON ACADEMY
Statement of Revenues, Expenditures and Changes
In Fund Balance-Budget (GAAP Basis) and Actual
All Governmental Fund Types
For the Fiscal Year Ended June 30, 2019**

	Governmental Funds			Special Revenue			Capital Outlay			TOTAL		
	Original and Final			Original and Final			Original and Final			Original and Final		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
EXPENDITURES:												
Instruction	439,350	\$427,169	(\$12,181)		\$45,484	\$45,484				\$439,350	\$472,653	\$33,303
Instructional Support services	14,200	\$9,733	(4,467)							14,200	9,733	(4,467)
Board Services	12,500	6,764	(5,736)							12,500	6,764	(5,736)
General Administration	49,224	44,700	(4,524)							49,224	44,700	(4,524)
School Administration	159,805	143,038	(16,767)							159,805	143,038	(16,767)
Fiscal Services	33,550	31,331	(2,219)							33,550	31,331	(2,219)
Food services				70,000	74,326					70,000	74,326	4,326
Central services	9,600	3,249	(6,351)							9,600	3,249	(6,351)
Pupil transportation	2,500		(2,500)							2,500		(2,500)
Community services		5,135	5,135								5,135	5,135
Operation of Plant	307,856	233,448	(74,408)					69,931	69,931	307,856	303,379	(4,477)
	<u>1,028,585</u>	<u>904,567</u>	<u>(124,018)</u>	<u>70,000</u>	<u>119,810</u>	<u>45,484</u>		<u>69,931</u>	<u>69,931</u>	<u>1,098,585</u>	<u>1,094,308</u>	<u>(4,277)</u>

The accompanying notes are an integral part of this statement

**EAGLE'S NEST COMMUNITY CHARTER SCHOOLS, INC. DBA
LUCIOUS AND EMMA NIXON ACADEMY
Statement of Revenues, Expenditures and Changes
In Fund Balance-Budget (GAAP Basis) and Actual
All Governmental Fund Types (Cont'd)
For the Fiscal Year Ended June 30, 2019**

	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
PROGRAM REVENUES:												
Florida Education Finance Program	\$984,475	881,738	(\$102,737)							\$984,475	\$881,738	(\$102,737)
Capital Outlay							\$69,931	\$69,931				
	<u>984,475</u>	<u>881,738</u>	<u>(102,737)</u>				<u>69,931</u>	<u>69,931</u>		<u>984,475</u>	<u>881,738</u>	<u>(102,737)</u>
GENERAL REVENUES:												
Other federal sources				112,250	144,694	32,444				112,250	144,694	32,444
Other State sources		1,500									1,500	1,500
Other local sources	3,735	14,199	10,464							3,735	14,199	10,464
	<u>3,735</u>	<u>15,699</u>	<u>10,464</u>	<u>112,250</u>	<u>144,694</u>	<u>32,444</u>				<u>115,985</u>	<u>160,393</u>	<u>44,408</u>
Excess of Expenditures over Revenues	<u>\$ (40,375)</u>	<u>(7,130)</u>	<u>\$31,745</u>	<u>\$ 42,250</u>	<u>\$ 24,884</u>	<u>\$(13,040)</u>	<u>\$ -</u>	<u>\$ -</u>		<u>\$1,875</u>	<u>(52,177)</u>	<u>(\$54,052)</u>
Fund Balance, Beginning of Year		242,113			29,646						271,759	
Fund Balance, End of year		<u>\$234,983</u>			<u>\$ 54,530</u>						<u>\$289,513</u>	

The accompanying notes are an integral part of this statement

**EAGLE'S NEST COMMUNITY CHARTER SCHOOLS, INC. DBA
LUCIOUS AND EMMA NIXON ACADEMY
Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances
of Governmental Funds To The
Statement of Activities
June 30, 2019**

Net Changes in Fund Balances- Governmental Funds \$17,754

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.

Expenditures for capital assets		
Less current year depreciation	<u>(54,209)</u>	
		<u>(54,209)</u>

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.

Change in Net Position of Governmental Activities		<u><u>(\$36,455)</u></u>
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The accompanying notes are an integral part of this statement

**EAGLES' NEST COMMUNITY CHARTER SCHOOLS, INC. DBA
LUCIOUS AND EMMA NIXON ACADEMY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Eagles' Nest Community Charter Schools, Inc. DBA Lucious and Emma Nixon Academy ("the Academy") was established as a nonprofit organization in August 2016 under the laws of the State of Florida and is the reporting entity.

The Academy operates as a Charter School pursuant to a Charter School Contract (the Contract) with the School District of Orange County, Florida. Under the Contract the Academy provides an education to children from kindergarten through sixth grade. For financial statement purposes the Academy is considered a component unit of the School District of Orange County which is a primary government entity for financial reporting.

The School District of Orange County received 5% of the Florida Education Finance Program (FEFP) revenue as an administrative fee for the first 250 students decreasing to 2.5%. The Contract is effective through June 2021. The Contract requires the School District to provide the Academy's primary source of funding based upon the number of full-time equivalent students (FTES) registered at the Academy.

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

The Academy'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 Academy are discussed below.

Basic Financial Statements

The Academy's basic financial statements are the Statements of Net Position and the Statement of Activities. All the activities of the Academy are classified as governmental type activities. There are no business type activities of the Academy. All the Academy's governmental type 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 Academy'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.

The Statement of Activities reports both the gross and net cost of each of the Academy's functions. The functions are also supported by government revenues such as Florida Education Finance Program (FEFP), Capital Outlay Funds and Federal 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 care 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.

**EAGLES' NEST COMMUNITY CHARTER SCHOOLS, INC. DBA
LUCIOUS AND EMMA NIXON ACADEMY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

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 Academy's primary operating fund. It accounts for all financial resources of the Academy, 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

Basic 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.

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 Academy to use restricted resources first, the unrestricted resources as they are needed.

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 assets.

**EAGLES' NEST COMMUNITY CHARTER SCHOOLS, INC. DBA
LUCIOUS AND EMMA NIXON ACADEMY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

Measurement Focus (Cont'd.)

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 Academy 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 Academy to concentrations of credit risk include cash and deposits. While the Academy attempts to limit its financial exposure, its cash balances may at times exceed federally insured limits. The Academy has not experienced any losses on such balances.

Cash deposits are held at banks qualified as public depositories under Florida law.

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 Academy 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:

**EAGLES' NEST COMMUNITY CHARTER SCHOOLS, INC. DBA
LUCIOUS AND EMMA NIXON ACADEMY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

Fair Value Measurements (Cont'd.)

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 and 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

The Academy does not recognize any support, revenue or expense from services contributed by individual volunteers because they do not meet the criteria for measurement.

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).

Capital Assets

Capital assets purchased or acquired with an original cost of \$500 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:

Land Improvements	25 Years
Buildings	20-50 Years
Furniture, Fixtures and Equipment	5-10 Years
Motor Vehicle	5 Years

Debt Issuance Costs

Bond Issue and loan costs are deferred and amortized over the life of the Bonds using the straight-line method which approximates the interest method.

**EAGLES' NEST COMMUNITY CHARTER SCHOOLS, INC. DBA
LUCIOUS AND EMMA NIXON ACADEMY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

Revenue Sources

Revenues for operations are received primarily from the School District of Orange County pursuant to the funding provisions included in the Academy's Charter. In accordance with the funding provisions of the Charter and Section 1002.33, Florida Statutes, the Academy will report the number of full-time equivalent (FTE) students and related data to the School District of Orange County. Funding for the Academy 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 Academy during the designated full-time equivalent student survey periods.

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 no 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 a 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 Academy's highest level decision making authority. There was no committed fund balance at year end.
- d) **Assigned** fund balance includes amounts intended to be used by the Academy'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 Academy'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 Academy's Board of Directors can deviate from this policy if it is in the best interest of the Academy.

**EAGLES' NEST COMMUNITY CHARTER SCHOOLS, INC. DBA
LUCIOUS AND EMMA NIXON ACADEMY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 2 – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2019, were as follows:

	<u>Balance Beginning</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance Ending</u>
Furniture, Fixtures and Equipment	271,043	-	-	271,043
	<u>271,043</u>	<u>-</u>	<u>-</u>	<u>271,043</u>
Less Accumulated Depreciation	34,822	54,209	-	89,031
CAPITAL ASSETS	<u>\$ 236,221</u>	<u>\$ 54,209</u>	<u>\$ -</u>	<u>\$ 182,012</u>

Depreciation expense of \$54,209 was charged to administrative and general expenses during the year ended June 30, 2019.

NOTE 3 – COMPENSATED ABSENCES

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

NOTE 4 – RELATED PARTY TRANSACTIONS

The Academy, Eagles' Nest Charter Academy, Eagles' Nest Middle Charter, and Panacea Prep Charter School are all governed by the same Board of Directors. The Academy also has a non-cancelable operating lease with a company that shares ownership with Charter Schools International (CSI), a related party.

NOTE 5 – COMMITMENTS AND CONTINGENCIES

Lease Agreement

The Academy leases its administrative and classroom facilities under a non-cancelable operating lease that expires in June 2021. Annual rental expenses were \$240,000 for the year ended June 30, 2019. Future minimum payments under this lease, assuming the lease will be renewed, are as follows:

June 30,		
	2020	240,000
	2021	240,000
	2022	240,000
	2023	240,000
	2024	240,000
		<u>\$ 1,200,000</u>

**EAGLES' NEST COMMUNITY CHARTER SCHOOLS, INC. DBA
LUCIOUS AND EMMA NIXON ACADEMY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 5 – COMMITMENTS AND CONTINGENCIES (Cont'd)

Risk Management

The Academy 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 Academy purchases commercial insurance for all material risks of loss to which the School is exposed, including general liability, property, auto and workers compensation insurance. A review of the last three years reveals that settled claims have not exceeded insurance coverage.

The Academy 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 Academy 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 to the State due to errors in their FTE count would not be material to the financial position of the Academy.

NOTE 6 – 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 26, 2019. 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

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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 Eagles' Nest Community Charter Schools, Inc.
DBA Lucious and Emma Nixon Academy
1780 Mercy Drive
Orlando, Florida 32801

I have audited the financial statements of the Eagles' Nest Community Charter Schools, Inc. DBA Lucious and Emma Nixon Academy, ("the Academy") (a nonprofit organization) as of and for the year ended June 30, 2019, and have issued my report thereon dated September 26, 2019. 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 Academy'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 Academy's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Academy'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 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 REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS (Continued)**

To the Board Members of Eagles' Nest Community Charter Schools, Inc.
DBA Lucious and Emma Nixon Academy
1780 Mercy Drive
Orlando, Florida 32801

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Academy'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 Academy 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.

Mark Cropper, P.A.

Palm Beach Gardens, Florida
September 26, 2019

Mark Escoffery, P.A.

Certified Public Accountant

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MANAGEMENT LETTER

Eagles' Nest Community Charter Schools, Inc.
DBA Lucious and Emma Nixon Academy
1780 Mercy Drive
Orlando, Florida 32801

Report on the Financial Statements

I have audited the financial statements of the Eagles' Nest Community Charter Schools, Inc. DBA Lucious and Emma Nixon Academy, Florida, as of and for the fiscal year ended June 30, 2019, and have issued my report thereon dated September 26, 2019.

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 Reporting and Compliance and Other Matters Based on an Audit of 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 Eagles' Nest Community Charter Schools, Inc. DBA Lucious and Emma Nixon Academy.

MANAGEMENT LETTER (Continued)

Financial Condition

Section 10.854(1)(e)2., Rules of the Auditor General, requires that I report the results of my determination as to whether or not Eagles' Nest Community Charter Schools, Inc. DBA Lucious and Emma Nixon Academy 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 Eagles' Nest Community Charter Schools, Inc. DBA Lucious and Emma Nixon Academy did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, I applied financial condition assessment procedures for Eagles' Nest Community Charter Schools, Inc. DBA Lucious and Emma Nixon Academy. It is management's responsibility to monitor Eagles' Nest Community Charter Schools, Inc. DBA Lucious and Emma Nixon Academy'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 Eagles' Nest Community Charter Schools, Inc. DBA Lucious and Emma Nixon Academy'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 Eagles' Nest Community Charter Schools, Inc. DBA Lucious and Emma Nixon Academy maintains on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with my audit, I determined that Eagles' Nest Community Charter Schools, Inc. DBA Lucious and Emma Nixon Academy 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 the School District of Orange County and is not intended to be and should not be used by anyone other than these specified parties.

Mark Escoffery, P.A.
September 26, 2019

