



Odyssey Charter School
(A charter school under
Odyssey Charter School, Inc.)
**(A Charter School and Component Unit
of the School Board of Brevard County, Florida)**

W/L #6507
Palm Bay, Florida

Financial Statements and
Independent Auditors' Report

June 30, 2019

TABLE OF CONTENTS

General Information	1
Independent Auditors' Report.	2-3
Management's Discussion and Analysis (Required Supplementary Information)	4-8
Basic Financial Statements:	
<i>Government-wide Financial Statements:</i>	
Statement of Net Position	9
Statement of Activities.	10
<i>Fund Financial Statements:</i>	
Balance Sheet - Governmental Funds.	11
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position	12
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds.	13
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities.	14
<i>Notes to the Basic Financial Statements</i>	15-28
Required Supplementary Information:	
Budgetary comparison schedules.	29-32
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	33-34
Management Letter	35-36

Odyssey Charter School
(A charter school under Odyssey Charter School, Inc.)
W/L# 6507

1755 Eldron Blvd S.E.
Palm Bay, FL 32909

2018-2019

BOARD OF DIRECTORS

Leslie Maloney, President
Thomas Cole, Vice President
Amanda Larson, Treasurer
Andy Ziegler, Board Member

SCHOOL ADMINISTRATION

Dr. Monica Knight, Jr. /Sr. High Site Administrator
Wendi Nolder, Elementary Site Administrator



INDEPENDENT AUDITORS' REPORT

Board of Directors
Odyssey Charter School
Palm Bay, Florida

We have audited the accompanying financial statements of the governmental activities and each major fund of Odyssey Charter School (the "School"), a charter school under Odyssey Charter School, Inc. , which is a component unit of the School Board of Brevard County, 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 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.

Auditor's 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 of America. Those standards require 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.

396 Alhambra Circle, Suite 900, Coral Gables, FL 33134 • Tel: 305.446.3022 • Fax: 305.446.6319
www.hlbgravier.com

HLB Gravier, LLP is a member of  International. A world-wide organization of accounting firms and business advisers.

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 Odyssey Charter School as of June 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

As described in Note 1, the accompanying financial statements referred to above present only the financial position of Odyssey Charter School as of June 30, 2019, and the respective changes in financial position for the year then ended, and is not intended to be a complete presentation of Odyssey Charter School, Inc. These financial statements do not purport to and do not present fairly the financial position of Odyssey Charter School, Inc. as of June 30, 2019 and its changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 30, 2019, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 8 and 29 through 32 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.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
August 30, 2019

Management's Discussion and Analysis
Odyssey Charter School
(A Charter School Under Odyssey Charter School, Inc.)
June 30, 2019

The corporate officers of Odyssey Charter School have prepared this narrative overview and analysis of the school's financial activities for the year ended June 30, 2019.

Financial Highlights

1. The net position of the School at June 30, 2019 was \$4,640,230.
2. At year-end, the School had current assets on hand of \$4,161,380.
3. The School had an increase in net position of \$346,024 for the year ended June 30, 2019.
4. The unassigned fund balance at year end was \$1,969,698.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the School's basic financial statements. The School's financial statements for the year ended June 30, 2019 are presented in accordance with GASB Codification Section 2200. The financial statements have three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the School's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the School's assets, deferred outflows of resources, liabilities and deferred inflows of resources. The difference between the four is reported as *net position*. Over time increases or decreases in net position may serve as an indicator of whether the financial position of the School is improving or deteriorating.

The *Statement of Activities* presents information on how the School's net position changed during the fiscal year. All changes in net position are reported when the underlying event occurs without regard to the timing of related cash flows. Accordingly, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal years.

The government-wide financial statements can be found on pages 9 - 10 of this report.

Fund Financial Statements

A "fund" is a collection of related accounts grouped to maintain control over resources that have been segregated for specific activities, projects, or objectives. The School like other state and local governments uses fund accounting to ensure and report compliance with finance-related legal requirements.

All of the funds of the School are governmental funds. *Government Funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Government Fund financial statements, however, focus on *near-term* inflows and outflows of spendable resources, as well as on the balances of spendable resources which are available at the end of the fiscal year. Such information may be used to evaluate a government's requirements for near-term financing.

The Board of the School adopts an annual appropriated budget for its governmental funds. A budgetary comparison statement has been provided for the governmental funds to demonstrate compliance with the School's budget.

The basic governmental fund financial statements can be found on pages 11 – 14 of this report.

Notes to Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the financial statements can be found on pages 15 - 28 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a charter school's financial position. In the case of the School, net position was \$4,640,230 at the close of the fiscal year. A summary of the School's net position as of June 30, 2019 and 2018 is as follows:

	2019	2018
Cash	\$ 2,420,689	\$ 2,366,202
Restricted cash held by trustee	1,277,087	1,323,922
Accounts receivable	-	2,930
Deposits receivable	191,532	138,464
Due from other agencies	272,072	276,436
Due from charter school	286,135	233,216
Capital assets, net	12,661,629	12,405,561
Total Assets	<u>17,109,144</u>	<u>16,746,731</u>
Deferred Outflows	<u>-</u>	<u>-</u>
Accounts payable and accrued liabilities	723,063	487,229
Long term debt	11,745,851	11,965,296
Total Liabilities	<u>12,468,914</u>	<u>12,452,525</u>
Deferred Inflows	<u>-</u>	<u>-</u>
Net Position:		
Net investment in capital assets and long term receivables	1,201,913	476,187
Restricted by bond	1,277,087	1,323,922
Unrestricted	2,161,230	2,494,097
Total Net Position	<u>\$ 4,640,230</u>	<u>\$ 4,294,206</u>

At the end of the year, the School is able to report positive balances in total net position.

A summary and analysis of the School's revenues and expenses for the year ended June 30, 2019 and 2018 is as follows:

	<u>2019</u>	<u>2018</u>
REVENUES		
Program Revenues		
Capital grants and contributions	\$ 1,116,459	\$ 564,268
Federal sources	766,858	747,806
Federal lunch program	615,909	544,237
Charges for services	391,095	335,231
General Revenues		
FTE and other nonspecific revenues	9,758,515	9,408,185
Other revenues	64,270	53,345
Total Revenues	<u>12,713,106</u>	<u>11,653,072</u>
EXPENSES		
Component Unit Activities:		
Instruction	5,820,000	5,447,369
Student support services	165,143	124,756
Instructional media services	15,853	16,451
Instructional and curriculum development services	157,065	174,308
Instructional staff training	44,912	29,645
Instructional related technology	212,850	188,228
School administration	2,316,940	1,994,206
Fiscal services	166,614	183,501
Food services	819,664	636,798
Pupil transportation services	431,197	423,712
Operation of plant	1,176,728	1,170,730
Maintenance of plant	122,830	62,155
Community services	226,755	180,566
Interest	690,531	700,046
Total Expenses	<u>12,367,082</u>	<u>11,332,471</u>
Increase in Net Position	346,024	320,601
Net Position at Beginning of Year	<u>4,294,206</u>	<u>3,973,605</u>
Net Position at End of Year	<u>\$ 4,640,230</u>	<u>\$ 4,294,206</u>

The School's revenue increased by \$1,060,034 in the current year and expenses increased by \$1,034,611 as a result of an increase in student enrollment of approximately 64 students. The School had an increase in its net position of \$ 346,024 for the year.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUND

As noted earlier, the School uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the School's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the School's financing requirements. In particular, the *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Most of the School's operations are funded in the General Fund. The majority of the General Fund revenues are distributed to the School by the District through the Florida Education Finance Program (FEFP), which uses formulas to distribute state funds and an amount of local property taxes (i.e., required local effort) established each year by the Florida Legislature.

At the end of the fiscal year, the School's governmental general fund reported ending fund balance of \$2,161,230. The fund balance unassigned and available for spending at the School's discretion is \$1,969,698. These funds will be available for the School's future operations.

Achievements 2018-2019

Odyssey Charter School, Inc. has a very exciting 2018-2019 school year, celebrating our 20th Anniversary serving the children and families of Palm Bay. Our enrollment increased at both sites and Odyssey Charter School received an 'A' grade. Odyssey Charter Elementary added an additional 3rd grade classroom and Odyssey Charter Jr/Sr High graduated its second senior class of 35 students, up from 21 in 2017-2018. Academically, Odyssey Charter School outperformed all the surrounding traditional schools, tying for first in the ranking with another charter school in the area. The school achieved a 95% graduation rate for the 2017-2018 school year and an 86% college acceptance rate and 100% graduation rate for the 2018-2019 school year.

Capital Assets

The School's investment in capital assets as of June 30, 2019 amounts to \$12,661,629 (net of accumulated depreciation). This investment in capital assets includes building and improvements, vehicles, furniture, fixtures and computer equipment. As of June 30, 2019, the School had long term debt totaling \$11,745,851 relating to capital assets.

Requests for Information

This financial report is intended to provide a general overview of the finances of the Charter School. Requests for additional information may be addressed to Green Apple School Management, LLC, 1900 S. Harbor City Blvd., Suite 120, Melbourne, FL 32901.

Governmental Fund Budget Analysis and Highlights

Prior to the start of the School's fiscal year, the Board of the Charter School adopted an annual budget. A budgetary comparison statement has been provided for total governmental funds (general fund, capital projects fund and non-major governmental funds) to demonstrate compliance with the School's budget.

	Original Budget	Final Budget	Actual
REVENUES			
Program Revenues			
Capital grants and contributions	\$ 657,000	\$ 1,116,460	\$ 1,116,459
Federal sources	735,899	766,875	766,858
Federal lunch program	751,000	616,000	805,263
Charges for services	218,597	235,150	201,741
General Revenues			
FTE and Other Nonspecific Revenues	10,311,530	9,758,500	9,758,515
Other Revenues	25,000	29,000	64,270
Total Revenues	<u>12,699,026</u>	<u>12,521,985</u>	<u>12,713,106</u>
EXPENDITURES			
Component Unit Activities:			
Instruction	5,663,191	5,611,675	5,611,662
Student support services	157,424	165,125	165,143
Instructional media services	22,560	15,850	15,853
Instructional and curriculum development services	159,326	157,075	157,065
Instructional staff training	69,325	44,925	44,912
Instructional related technology	223,550	212,870	212,850
School administration	2,283,107	2,313,725	2,313,720
Fiscal services	151,032	166,625	166,614
Food services	845,050	799,250	799,252
Pupil transportation services	473,067	341,375	341,447
Operation of plant	868,108	788,925	788,912
Maintenance of plant	100,000	122,850	122,830
Community services	-	226,760	226,755
Total Expenditures (before capital outlay and debt service)	<u>11,015,740</u>	<u>10,967,030</u>	<u>10,967,015</u>
Capital outlay	54,674	856,310	965,604
Repayment of principal on notes payable	398,000	400,200	400,202
Interest expense	639,873	690,530	690,531
Total Expenditures	<u>\$ 12,108,287</u>	<u>\$ 12,914,070</u>	<u>\$ 13,023,352</u>

Most variances occurred as a result of increasing actual expenditures when compared to budgeted figures.

Odyssey Charter School
(A charter school under Odyssey Charter School, Inc.)
Statement of Net Position
June 30, 2019

	<u>Governmental Activities</u>
<u>Assets</u>	
Current assets:	
Cash	\$ 2,420,689
Restricted cash held by trustee	1,277,087
Due from other agencies	272,072
Deposits receivable and prepaid expenses	191,532
	<u>4,161,380</u>
 Due from other divisions of Odyssey Charter School, Inc.	 286,135
 Land	 2,296,402
Capital assets, depreciable	15,813,518
Less: accumulated depreciation	(5,448,291)
	<u>12,661,629</u>
Total Assets	<u>17,109,144</u>
 <u>Deferred Outflows of Resources</u>	 <u>-</u>
<u>Liabilities</u>	
Current liabilities:	
Salaries and wages payable	504,673
Accounts payable and accrued expenses	218,390
Capital lease obligation payable within one year	84,495
Bonds payable within one year	240,000
Notes payable within one year	137,566
	<u>1,185,124</u>
 Long-term debt:	
Notes payable	247,298
Capital lease obligation	45,706
Bonds payable	10,990,786
Total Liabilities	<u>12,468,914</u>
 <u>Deferred Inflows of Resources</u>	 <u>-</u>
<u>Net position</u>	
Net investment in capital assets and long term receivables	1,201,913
Restricted by bond	1,277,087
Unrestricted	2,161,230
Total Net Position	<u>\$ 4,640,230</u>

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

Odyssey Charter School
(A charter school under Odyssey Charter School, Inc.)
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:					
Instruction	\$ 5,820,000	\$ -	\$ 499,547	\$ -	\$ (5,320,453)
Student support services	165,143	-	28,030	-	(137,113)
Instructional media services	15,853	-	-	-	(15,853)
Instructional and curriculum development services	157,065	-	156,296	-	(769)
Instructional staff training	44,912	-	32,969	-	(11,943)
Instructional related technology	212,850	-	44,830	-	(168,020)
School administration	2,316,940	-	-	-	(2,316,940)
Fiscal services	166,614	-	-	-	(166,614)
Food services	819,664	189,354	615,909	-	(14,401)
Pupil transportation services	431,197	-	5,186	-	(426,011)
Operation of plant	1,176,728	-	-	1,116,459	(60,269)
Maintenance of plant	122,830	-	-	-	(122,830)
Community services	226,755	201,741	-	-	(25,014)
Interest	690,531	-	-	-	(690,531)
Total governmental activities	12,367,082	391,095	1,382,767	1,116,459	(9,476,761)
General revenues:					
FTE and other nonspecific revenues					9,758,515
Interest and other revenue					64,270
Change in net position					346,024
Net position, beginning					4,294,206
Net position, ending					<u>\$ 4,640,230</u>

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

Odyssey Charter School
(A charter school under Odyssey Charter School, Inc.)
Balance Sheet - Governmental Funds
June 30, 2019

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
<u>Assets</u>					
Cash	\$ 2,420,689	\$ -	\$ -	\$ -	\$ 2,420,689
Restricted cash held by trustee	-	-	827,526	449,561	1,277,087
Due from other agencies	-	213,462	-	58,610	272,072
Deposits receivable and prepaid expenses	191,532	-	-	-	191,532
Due from funds	272,072	-	-	-	272,072
Total Assets	<u>2,884,293</u>	<u>213,462</u>	<u>827,526</u>	<u>508,171</u>	<u>4,433,452</u>
<u>Deferred Outflows of Resources</u>					
	-	-	-	-	-
<u>Liabilities</u>					
Salaries and wages payable	504,673	-	-	-	504,673
Accounts payable and accrued expenses	218,390	-	-	-	218,390
Due to funds	-	213,462	-	58,610	272,072
Total Liabilities	<u>723,063</u>	<u>213,462</u>	<u>-</u>	<u>58,610</u>	<u>995,135</u>
<u>Deferred Inflows of Resources</u>					
	-	-	-	-	-
<u>Fund balance</u>					
Nonspendable, not in spendable form	191,532	-	-	-	191,532
Restricted by bonds	-	-	827,526	449,561	1,277,087
Unassigned	1,969,698	-	-	-	1,969,698
	<u>2,161,230</u>	<u>-</u>	<u>827,526</u>	<u>449,561</u>	<u>3,438,317</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 2,884,293</u>	<u>\$ 213,462</u>	<u>\$ 827,526</u>	<u>\$ 508,171</u>	<u>\$ 4,433,452</u>

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

Odyssey Charter School
(A charter school under Odyssey Charter School, Inc.)
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position
For the year ended June 30, 2019

Total Fund Balance - Governmental Funds \$ 3,438,317

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets of \$18,109,920 net of accumulated depreciation of \$5,448,291 used in governmental activities are not financial resources and therefore are not reported in the fund. 12,661,629

Long term debt is not due and payable in the current period and, therefore, is not reported in the governmental funds. (11,745,851)

Long term receivables from related parties in governmental activities are not financial resources and therefore are not reported in the governmental funds. 286,135

Total Net Position - Governmental Activities \$ 4,640,230

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

Odyssey Charter School
(A charter school under Odyssey Charter School, Inc.)
Statement of Revenues, Expenditures, and Changes in Fund Balance-Governmental Funds
For the year ended June 30, 2019

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Revenues:					
State capital outlay funding	\$ -	\$ -	\$ -	\$ 1,116,459	\$ 1,116,459
State passed through local	9,758,515	-	-	-	9,758,515
Federal sources	-	766,858	-	-	766,858
Federal lunch program	-	615,909	-	-	615,909
Charges for services	201,741	189,354	-	-	391,095
Other revenue	61,089	-	2,195	986	64,270
Total Revenues	10,021,345	1,572,121	2,195	1,117,445	12,713,106
Expenditures:					
Current					
Instruction	5,177,453	434,209	-	-	5,611,662
Student support services	137,113	28,030	-	-	165,143
Instructional media services	15,853	-	-	-	15,853
Instructional and curriculum development services	769	156,296	-	-	157,065
Instructional staff training	11,943	32,969	-	-	44,912
Instructional related technology	168,020	44,830	-	-	212,850
School administration	2,313,720	-	-	-	2,313,720
Fiscal services	166,614	-	-	-	166,614
Food services	-	799,252	-	-	799,252
Pupil transportation services	336,261	5,186	-	-	341,447
Operation of plant	161,411	-	-	627,501	788,912
Maintenance of plant	72,613	-	-	50,217	122,830
Community services	226,755	-	-	-	226,755
Capital Outlay:					
Other capital outlay	395,476	81,170	-	488,958	965,604
Debt Service:					
Repayment of principal on notes payable and capital leases	-	-	400,202	-	400,202
Interest	-	-	690,531	-	690,531
Total Expenditures	9,184,001	1,581,942	1,090,733	1,166,676	13,023,352
Excess (deficit) of revenues over expenditures	837,344	(9,821)	(1,088,538)	(49,231)	(310,246)
Other financing sources:					
Advances to other divisions of Odyssey Charter School	(52,919)	-	-	-	(52,919)
Repayments to other divisions of Odyssey Charter School	(35,922)	-	-	-	(35,922)
Proceeds from capital lease and notes payable	216,679	-	-	-	216,679
Transfers in and (out)	(1,100,755)	9,821	1,089,222	1,712	-
Net change in fund balance	(135,573)	-	684	(47,519)	(182,408)
Fund Balance at beginning of year	2,296,803	-	826,842	497,080	3,620,725
Fund Balance at end of year	\$ 2,161,230	\$ -	\$ 827,526	\$ 449,561	\$ 3,438,317

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

Odyssey Charter School

(A charter school under Odyssey Charter School, Inc.)

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

For the year ended June 30, 2019

Net Change in Fund Balance - Governmental Funds \$ (182,408)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays of \$965,604 (net of retirements) exceeded depreciation expense of \$709,536 (net of retirements). 256,068

The proceeds from debt issuance provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which repayments of \$436,124 differed from proceeds of \$216,679 in the current period. 219,445

Increase in long term receivables is an expenditure in the governmental funds, but a decrease or collections of such receivables reduces long-term assets in the statement of net position. This is the amount by which increase in long-term receivables of \$52,919 differed from collections in the current period of \$0. 52,919

Change in Net Position of Governmental Activities \$ 346,024

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

Odyssey Charter School

(A Charter School under Odyssey Charter School, Inc.)

Notes to Financial Statements

June 30, 2019

Note 1 – Summary of Significant Accounting Policies

Reporting Entity

Odyssey Charter School (the "School"), is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not-for-Profit Corporation Act. The governing body of the School is the board of directors of the not-for-profit corporation, which is composed of four members. The School operates under a charter granted by the sponsoring district, the District School Board of Brevard County (the "District"). The current charter expires on June 30, 2027 and is renewable by mutual written agreement between the School and the District. During the term of the charter, the District may terminate the charter if good cause is shown. The School is considered a component unit of such District. The School is located in Palm Bay, Florida for students from kindergarten through tenth grades and is funded by the District. These financial statements are for the year ended June 30, 2019, during which 1,442 students were enrolled for the school year.

Basis of presentation

The School's accounting policies conform to accounting principles generally accepted in the United States as applicable to state and local governments. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

Government-wide and Fund Financial Statements

Government-wide Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These statements report information about the School as a whole. Any internal interfund activity has been eliminated from these financial statements. Both statements report only governmental activities as the School does not engage in any business type activities.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees; (2) operating grants such as the National School Lunch Program, Federal grants, and other state allocations; and (3) capital grants specific to capital outlay. Other revenue sources not properly included with program revenues are reported as general revenues.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The School does not have any items that qualify for reporting in this category.

Note 1 – Summary of Significant Accounting Policies (continued)

Deferred Outflows/Inflows of Resources (continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The School does not have any items that qualify for reporting in this category.

Fund Financial Statements

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

General Fund – is the School’s primary operating fund. It accounts for all financial resources of the school, except those required to be accounted for in another fund.

Debt Service Fund – accounts for the resources accumulated and payments made for principal and interest on long-term debt of the School.

Special Revenue Fund – accounts for specific revenue, such as the federal lunch program and other federal grants that are legally restricted to expenditures for particular purposes.

Capital Projects Fund – is used to account for the resources restricted for the acquisition or construction of specific capital assets from the bond proceeds and for state and local capital outlay funding that are legally restricted to expenditures for particular purposes.

Measurement Focus and Basis of Accounting

The financial statements of the School are prepared in accordance with generally accepted accounting principles (GAAP). The School’s reporting entity applies all relevant Governmental Accounting Standards Board (GASB) *Codification of Accounting and Financial Reporting Guidance*.

The government-wide statements report uses the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The School recognizes assets of non-exchange transactions in the period when the underlying transaction occurs, when an enforceable legal claim has arisen, or when all eligibility requirements are met. Revenues are recognized, on the modified accrual basis, when they are measurable and available. Non-exchange transactions occur when the school provides (or receives) value to (from) another party without receiving (or giving) equal or nearly equal value in return. Most donations are examples of non-exchange transactions. Revenues from grants and donations are recognized on the accrual basis, in the fiscal year in which all eligibility requirements have been satisfied.

Note 1 – Summary of Significant Accounting Policies (continued)

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. “Measurable” means the amount of the transaction can be determined. Available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The School considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Florida Education Finance Program (FEFP) revenues are recognized when received. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Charges for services and fees are recognized when cash is collected as amounts are not measurable. When grant terms provide that the expenditure of funds is the prime factor for determining eligibility for federal, state, and other grant funds, revenue is recognized at the time the expenditure is made. Expenditures are recorded when the related fund liability is incurred, except for long-term debt principal and interest which are reported as expenditures in the year due.

Budgets and Budgetary Accounting

In compliance with Florida Statutes, the Board of Directors adopts an annual budget using the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the object level (e.g. salaries and benefits, purchased services, materials and supplies and capital outlay) within each activity (e.g. instruction, pupil personnel services and school administration). Revisions to the annual budget are approved by the Board.

Cash

All deposits are held in major banks and high grade investments. The School has not adopted a formal investment policy. Cash and cash equivalents include all highly liquid investments with a maturity of three months or less.

Due from Other Governments or Agencies

Amounts due to the School by other governments or agencies are for grants or programs under which the services have been provided by the School.

Long –Term Debt

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bond payable is reported net of the applicable bond premium or discount. Bond issuance costs are recognized as an expense in the period incurred. In the fund financial statements, governmental fund types report the face amount of debt issued as other financing sources.

Capital Assets

The School’s property, plant and equipment with useful lives of more than one year are stated at historical cost and comprehensively reported in the statement of net position in the government-wide financial statements.

Note 1 – Summary of Significant Accounting Policies (continued)

Capital Assets (continued)

Donated capital assets are recorded at their estimated fair market value on the date donated. The School generally capitalizes assets with a cost of \$2,000 or more. Building improvements, additions and other capital outlays that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are as follows:

Building and improvements	5-39 Years
Vehicles	10 Years
Software, Furniture, equipment, and library	3-10 Years

Revenue Sources

Revenues for operations will be 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 Section 1002.33, Florida Statutes, the School will report the number of full-time equivalent (FTE) students and related data to the District. Under the provisions of Section 1011.62, Florida Statutes, the District reports the number of the full-time equivalent (FTE) students and related data to the Florida Department of Education (FDOE) for funding through the FEFP. Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the FEFP and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey periods. After review and verification of FTE reports and supporting documentation, the FDOE may adjust subsequent fiscal period allocations of FEFP funding for prior year errors disclosed by its review as well as to prevent statewide allocations from exceeding the amount authorized by the Legislature. Normally, such adjustments are treated as reductions of revenue in the year the adjustment is made.

The School receives state funds through the District under charter school capital outlay funding pursuant to Section 1013.62, Florida Statutes. Funds are based on a capital outlay plan submitted to the District and are to be used for lease of school facilities. In addition, the School may receive a portion of the local capital improvement ad valorem tax revenues levied by the District.

Finally, the School may also receive Federal awards for the enhancement of various educational programs. Federal awards are generally received based on applications submitted to and approved by various granting agencies. For Federal awards in which a claim to these grant proceeds is based on incurring eligible expenditures, revenue is recognized to the extent that eligible expenditures have been incurred. Any excess amounts are recorded as deferred revenues until expended. Additionally, other revenues may be derived from various fundraising activities and certain other programs.

Note 1 – Summary of Significant Accounting Policies (continued)

Inter-fund Transfers

Outstanding balances between funds are reported as “due to/from” other funds. Inter-fund transfers are made to move any excess or shortage of funds derived from the National School Lunch Program from the Special Revenue Fund to the General Fund. Inter-fund transfers are also made between the General Fund, Debt Service and Capital Projects Fund. See Note 7.

Charges for Services

The School charges students for various instruction and curriculum development programs including music, tutoring, food, and art programs. These activities are recorded in the general fund since the fees charged are only supplementing the programs and the cost of such programs substantially exceed the fees.

Compensated Absences

The School grants a specific number of sick days. Full time salary employees are entitled to one day per month to up to ten days of active work during the ten-month period. Full-time hourly employees are entitled to four days of paid leave annually. In the event that available time is not used by the end of the benefit year, employees will not be able to “rollover” unused days for use in future years. There is no termination payment for accumulated unused sick days.

GASB Codification Section C60, *Accounting for Compensated Absences*, provides that compensated absences that are contingent on a specific event that is outside the control of the employer and employee should be accounted for in the period those events take place. Accordingly, these financial statements do not include an accrual for sick days available to be used in future benefit years.

The School also provides certain days to be used for specific personal matters such as family death and jury duty. Because the use of such days is contingent upon those events taking place and such events are out of the control of both the employer and the employee, there is no accrual for such days.

Income Taxes

Odyssey Charter School, Inc. qualifies as a tax-exempt organization under Internal Revenue Code Section 501(c)(3), and is, therefore, exempt from income tax. Accordingly, no tax provision has been made in the accompanying financial statements.

Subsequent Events

In accordance with GASB Codification Section 2250.106, the School has evaluated subsequent events and transactions for potential recognition or disclosure through August 30, 2019, which is the date the financial statements were available to be issued.

Note 1 – Summary of Significant Accounting Policies (continued)

Order of Fund Balance Spending Policy

The School’s policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year by adjusting journal entries. First Non-spendable fund balances are determined. Then restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then any remaining fund balance amounts for the non-general funds are classified as unassigned fund balance. It is possible for the non-general funds to have negative unassigned fund balance when non-spendable amounts plus the restricted fund balances for specific purposes amounts exceed the positive fund balance for the non-general fund.

Restricted Assets

Restricted assets include cash and cash equivalents that are related to the amounts that the School is required to segregate in connection with the issuance of bonds, including sinking fund and reserve requirements, as well as amounts segregated for capital projects of the School. The Indenture of Trust requires the establishment of the Funds for the bonds and accounts within such funds, all of which shall be special trust funds and accounts held by Trustee. At June 30, 2019 the composition of restricted balances is as follows:

	<u>Odyssey Charter School</u>	<u>Odyssey Preparatory Academy</u>	<u>Total</u>
<u>Debt Service Fund</u>			
Sinking Fund	\$ 827,526	\$ 253,384	\$ 1,080,910
Total Debt Service Fund	\$ 827,526	\$ 253,384	\$ 1,080,910
<u>Reserve for Capital Projects</u>			
Funds held by Trustee	\$ 449,561	\$ 93,154	\$ 542,715
Total Reserves for Capital Projects	\$ 449,561	\$ 93,154	\$ 542,715

Net position and Fund balance classifications

Government-wide financial statements

Equity is classified as net position and displayed in three (3) components:

- a) Net investment in capital assets and long term receivables - consists of capital assets net of accumulated depreciation and long term receivables and reduced by the outstanding balances of any borrowings that are attributable to the acquisition or improvement of those assets.
- b) Restricted net position - consists of net position with constraints placed on their use either by external groups such as creditors, grantors, contributors or laws or regulations of other governments. Restricted net position of the School relate to the bond issue.
- c) Unrestricted net position - all other net position that do not meet the definition of "restricted" or "net investment in capital assets and long term receivables."

Note 1 – Summary of Significant Accounting Policies (continued)

Fund financial statements

Under GASB Codification Section 1800.142, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB requires the fund balance amounts to be properly reported within one of the fund balance categories listed below:

- a) Nonspendable - includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Consists of fund balance associated with inventories, prepaid expenses, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned).
- b) Restricted - fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. Restricted fund balance of the School relate to the bond issue.
- c) Committed - fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School's Board of Directors. There are no committed fund balances at year end.
- d) Assigned - fund balance classification are intended to be used by the School's management for specific purposes but do not meet the criteria to be classified as restricted or committed. There are no assigned fund balances at year end.
- e) Unassigned - portion of the fund balance that has not been restricted, committed or assigned for a specific purpose. This is the residual classification for the School's general fund.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Odyssey Charter School
(A Charter School under Odyssey Charter School, Inc.)
Notes to Financial Statements
June 30, 2019

Note 2 –Capital Assets

The following schedule provides a summary of changes in capital assets, acquired substantially with public funds, for the year ended June 30, 2019:

	Balance 07/01/2018	Additions	Retirements	Balance 06/30/2019
Capital Assets not depreciated:				
Land	\$ 2,097,867	\$ 198,535	\$ -	\$ 2,296,402
Construction in Progress	-	301,422	\$ -	301,422
	<u>2,097,867</u>	<u>499,957</u>	<u>-</u>	<u>2,597,824</u>
Capital Assets being depreciated:				
Building and improvements	11,935,017	24,830	-	11,959,847
Vehicles	868,579	220,206	-	1,088,785
Furniture and equipment	2,221,794	220,611	-	2,442,405
Computer Software	21,059	-	-	21,059
	<u>17,144,316</u>	<u>965,604</u>	<u>-</u>	<u>18,109,920</u>
Less: Accumulated Depreciation				
Building and improvements	(2,846,371)	(362,447)	-	(3,208,818)
Vehicles	(372,470)	(91,032)	-	(463,502)
Furniture and equipment	(1,500,331)	(254,581)	-	(1,754,912)
Computer Software	(19,583)	(1,476)	-	(21,059)
	<u>(4,738,755)</u>	<u>(709,536)</u>	<u>-</u>	<u>(5,448,291)</u>
Capital Assets, net	<u>\$ 12,405,561</u>	<u>\$ 256,068</u>	<u>\$ -</u>	<u>\$ 12,661,629</u>

For the fiscal year ended June 30, 2019, depreciation expense is allocated in the Statement of Activities by function as follows:

Instruction	\$ 208,338
School Administration	3,220
Food Services	20,412
Pupil Transportation	89,750
Operation of Plant	387,816
	<u>\$ 709,536</u>

Odyssey Charter School
(A Charter School under Odyssey Charter School, Inc.)
Notes to Financial Statements
June 30, 2019

Note 3 –Management Agreement

The School uses a professional charter school management company to provide management and administrative services to the School including, but not limited to, facility design, staffing recommendations, human resource coordination, regulatory compliance, legal and corporate upkeep, maintenance of the books and records, bookkeeping, budgeting and financial reporting. On July 1, 2018, the School contracted with Green Apple School Management, LLC. The agreement with Green Apple School Management, LLC is for a period of five years through June 30, 2023 unless terminated, modified or renewed by the parties. The agreement between the School and the management company both called for a fee of \$700 per full time equivalent (FTE) student for the school year ended June 30, 2019. During the year ended June 30, 2019, the School incurred \$1,009,400 in management fees. Green Apple School Management, LLC is located at 1900 S. Harbor City Blvd., Suite 120, Melbourne, FL 32901. The managing member is Constance Ortiz.

Note 4 –Transactions with School District and Other Divisions of Odyssey Charter School, Inc.

The School made several non-interest bearing advances to affiliates. The following schedule provides a summary of changes in long-term receivables with other divisions of Odyssey Charter School, Inc. for the year ended June 30, 2019.

	<u>Balance</u> <u>July 01, 2018</u>	<u>Advances</u>	<u>Repayments</u>	<u>Balance</u> <u>June 30, 2019</u>
Long-term receivables				
Odyssey Charter School Inc. (Corporate)	\$ 233,216	\$ 52,919	\$ -	\$ 286,135
	<u>\$ 233,216</u>	<u>\$ 52,919</u>	<u>\$ -</u>	<u>\$ 286,135</u>

The School received several non-interest bearing advances from affiliates. The following schedule provides a summary of changes in long-term payables with other divisions of Odyssey Charter School, Inc. for the year ended June 30, 2019:

	<u>Balance</u> <u>July 01, 2018</u>	<u>Advances</u>	<u>Repayments</u>	<u>Balance</u> <u>June 30, 2019</u>
Long-term payables				
Odyssey Preparatory Academy	\$ 35,922	\$ -	\$ (35,922)	\$ -
	<u>\$ 35,922</u>	<u>\$ -</u>	<u>\$ (35,922)</u>	<u>\$ -</u>

Pursuant to the Charter School contract with the School District, the District withholds an administrative fee of 5% of the qualifying revenues of the School. For the year ended June 30, 2019, administrative fees withheld by the School District totaled \$85,955.

Note 5 – Long Term Debt

Revenue Bond

On April 27, 2017, Educational Facilities Revenue Bonds, Series 2017A and 2017B – Capital Trust Agency (the “Issuer”) issued Educational Facilities Revenue Bonds (Odyssey Charter School Project), Series 2017A, in the aggregate principal amount of \$15,585,000 (the “Series 2017A Bonds”). Odyssey Charter School, Inc. issued Taxable Educational Facilities Revenue Bonds (Odyssey Charter School Projects) Series 2017B, in the aggregate principal amount of \$395,000 (the “Series 2017B Bonds”). The bonds were used to (i) finance or refinance the costs of acquiring, constructing, and equipping certain charter school facilities (collectively, the “Facility”) for the School located within Brevard County, Florida., the land on which the School will be located (the “Site”), and improvements thereto (collectively the “Project”), (ii) fund a debt service reserve account for the Series 2017 Bonds, (iii) fund capitalized interest with respect to the Series 2017A Bonds, and (iv) pay certain costs of issuance of the Series 2017 Bonds. The Series 2017A Bonds are subject to mandatory and optional redemption prior to maturity. The Series 2017B are subject to mandatory redemption prior to maturity. The bond funds were primarily utilized for the acquisition of one of the School’s current site located at 1350 Wyoming Drive, Palm Bay, Florida and to refinance the facilities located at 1755 Eldron Boulevard, S.E. Palm Bay, Florida. The remaining funds were used for bond issuance costs and various capital projects at both sites. The sites are shared between the School and Odyssey Preparatory Academy where each school records their pro rata share of the bonds as of the date of issuance (75.0% for the School and 25.0% for Odyssey Preparatory Academy).

Interest is payable annually on July 1. The bonds are secured by an Indenture of Trust dated as of April 1, 2017 between the Issuer and U.S. Bank National Association (the “Trustee”) pursuant to a resolution of the Issuer adopted on March 21, 2017. The issuer has no obligation for the debt beyond the resources provided by the facility. These bonds are subject to interest rates ranging from 4.750% to 6.000%. The bonds were issued at par.

The bonds contain restrictive covenants related to debt service coverage ratio, days cash on hand requirements, student enrollment and reporting requirements. In the event of default the maturity date can be accelerated and/or the underlying collateral may be subject to foreclosure.

Odyssey Charter School
(A Charter School under Odyssey Charter School, Inc.)
Notes to Financial Statements
June 30, 2019

Note 5 – Long Term Debt (continued)

Revenue bond debt service requirements to maturity are as follows:

Series 2017A Bonds:

Year Ending June 30,	Principal	Interest
2020	\$ 75,000	\$ 830,713
2021	\$ 255,000	\$ 822,875
2022	\$ 265,000	\$ 810,525
2023	\$ 280,000	\$ 797,581
2024	\$ 295,000	\$ 783,925
2025-2029	\$ 1,690,000	\$ 3,690,587
2030-2034	\$ 2,195,000	\$ 3,188,796
2035-2039	\$ 2,880,000	\$ 2,611,012
2040-2044	\$ 3,780,000	\$ 1,606,552
2045-2048	\$ 3,870,000	\$ 440,275

Series 2017B Bonds:

Year Ending June 30,	Principal	Interest
2020	\$ 165,000	\$ 4,950

Loan Payable

The School obtained financing from several financial institutions for the acquisition of School buses. The facilities are secured by the buses and the terms of the notes are as follows:

Notes Payable to Financial Institutions	Interest Rate	Maturity Date	Balance as of June 30, 2019
\$196,586 note payable to acquire 2 school buses	4.25%	August 11, 2020	\$ 49,668
\$249,844 note payable to acquire 2 school buses	5.45%	August 10, 2022	\$ 166,015
\$205,208 note payable to acquire 2 school buses	3.80%	September 15, 2022	\$ 161,534
Total			\$ 377,217

Odyssey Charter School
(A Charter School under Odyssey Charter School, Inc.)
Notes to Financial Statements
June 30, 2019

Note 5 – Long Term Debt (continued)

Future debt service requirements related to the loan agreement are as follows as of June 30, 2019:

<u>Year ending</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 152,903	\$ (15,337)
2021	\$ 108,829	\$ (9,857)
2022	\$ 101,544	\$ (5,381)
2023	\$ 53,878	\$ (1,715)
Total	<u>\$ 417,154</u>	<u>\$ (32,290)</u>

Capital Leases

The School leases certain office, kitchen and transportation equipment under capital leases with a gross value of \$283,477 (\$7,467 recorded in School Administration and \$276,010 recorded in Instruction) with accumulated depreciation totaling \$173,971 (\$7,467 recorded in School Administration and \$166,504 recorded in Instruction). The assets and liabilities under the capital leases are recorded in fixed assets at the lower of the present value of the future minimum lease payments or the fair value of the assets. In the event of default on the school's debts the maturity date can be accelerated and/or the underlying collateral may be repossessed. Minimum future lease payments under such leases are as follows:

<u>Year ending</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 90,499	\$ (6,004)
2021	37,006	(1,514)
2022	10,451	(237)
Total	<u>137,956</u>	<u>(7,755)</u>

Total interest expense as of June 30, 2019 was \$690,531.

Odyssey Charter School
(A Charter School under Odyssey Charter School, Inc.)
Notes to Financial Statements
June 30, 2019

Note 5 – Long Term Debt (continued)

The following schedule provides a summary of changes in long-term debt for the year ended June 30, 2019:

	Balance 07/01/2018	Repayments	Advances	Balance 06/30/2019
Bonds Payable	\$ 11,411,381	\$ (180,595)	\$ -	\$ 11,230,786
Notes Payable	299,778	(131,593)	216,679	384,864
Capital leases	218,215	(88,014)	-	130,201
Total Long Term Debt	<u>\$ 11,929,374</u>	<u>\$ (400,202)</u>	<u>\$ 216,679</u>	<u>\$ 11,745,851</u>

Note 6 – Deposits Policy and Credit Risk

It is the School’s policy to maintain its cash and cash equivalents in major banks and in high grade investments. As of June 30, 2019, the carrying amount of the School’s deposits was \$3,697,776 and the respective bank balances totaled \$3,690,421.

Deposits at FDIC-insured institutions are insured up to \$250,000 per depositor, per financial institution. The School is a charter school under Odyssey Charter School, Inc. , which also operates other charter schools. All bank accounts are opened under the account ownership of Odyssey Charter School, Inc. , therefore, bank balances at times may potentially be in excess of FDIC coverage. As of June 30, 2019, bank balances in potential excess of FDIC coverage totaled approximately \$3,700,000, including restricted funds.

Note 7 – Interfund Transfers and Balances

Interfund transfers are as follows:

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund
To fund lunch deficit	\$ (24,621)	\$ 24,621	\$ -	\$ -
Reimbursement from Restart Grant for prior period expenditures	14,800	(14,800)	-	-
To fund debt service fund for principal and interest payments	(1,090,934)	-	1,090,934	-
Transfer interest income from Debt Service Fund to Capital Projects Fund	-	-	(1,712)	1,712
Total Transfers, net	<u>\$ (1,100,755)</u>	<u>\$ 9,821</u>	<u>\$ 1,089,222</u>	<u>\$ 1,712</u>

Odyssey Charter School
(A Charter School under Odyssey Charter School, Inc.)
Notes to Financial Statements
June 30, 2019

Note 7 – Interfund Transfers and Balances (continued)

Due from/(Due to) fund balances are as follows:

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund
Due to General Fund from Capital Projects Fund for capital outlay	\$ 58,610	\$ -	\$ -	\$ (58,610)
Due to General Fund from Special Revenue Fund for Title I	202,078	(202,078)	-	-
Due to General Fund from Special Revenue Fund for Title II	3,276	(3,276)	-	-
Due to General Fund from Special Revenue Fund for IDEA Grant	8,107	(8,107)	-	-
Total Due from/(Due to)	<u>\$ 272,071</u>	<u>\$ (213,461)</u>	<u>\$ -</u>	<u>\$ (58,610)</u>

Note 8 – Commitments, Contingencies and Concentrations

Contingencies and Concentrations

The School receives substantially all of its funding from the District under the Florida Education Finance Program (FEFP), which is based in part on a computation of the number of full-time equivalent (FTE) students attending different instructional programs. The accuracy of FTE student data submitted by individual schools and used in the FEFP computations is subject to audit by the state and, if found to be in error, could result in refunds to the state or in decreases to future funding allocations. Additionally, the School receives various forms of federal, state and local funding which are subject to financial and compliance audits. It is the opinion of management that the amount of funding, if any, which may be remitted back to the state due to errors in the FTE student data or the amount of grant expenditures which may be disallowed by grantor agencies would not be material to the financial position of the School.

Note 9 – Risk Management

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

Note 10 – Defined Contribution Retirement Plan

The School sponsors a defined contribution plan for all full-time employees working 35 hours or more a week and who have been employed for at least one year. The plan permits voluntary contributions from employees, based on a salary reduction agreement, and provides for employer matching contributions up to 3% of the employee’s compensation, after one year of employment. The School contributed to the Plan \$56,773 for the year ended June 30, 2019.

REQUIRED SUPPLEMENTARY INFORMATION

Odyssey Charter School
(A charter school under Odyssey Charter School, Inc.)
Statement of Revenues, Expenditures, and Changes in Fund Balance - General fund
For the year ended June 30, 2019

	General Fund		
	Original Budget	Final Budget	Actual
REVENUES			
State passed through local	\$ 10,311,530	\$ 9,758,500	\$ 9,758,515
Charges for services	218,597	234,150	201,741
Other revenues	25,000	28,000	61,089
Total Revenues	10,555,127	10,020,650	10,021,345
EXPENDITURES			
Current:			
Instruction	5,155,801	5,177,450	5,177,453
Student support services	153,815	137,125	137,113
Instructional media services	22,560	15,850	15,853
Instructional and curriculum development services	-	775	769
Instructional staff training	27,750	11,950	11,943
Instructional related technology	199,550	168,020	168,020
School administration	2,283,107	2,313,725	2,313,720
Fiscal services	151,032	166,625	166,614
Pupil transportation services	473,067	336,275	336,261
Operation of plant	218,108	161,425	161,411
Maintenance of plant	100,000	72,625	72,613
Community services	-	226,760	226,755
Total current expenditures	8,784,790	8,788,605	8,788,525
Excess of revenues			
Over current expenditures	1,770,337	1,232,045	1,232,820
Capital outlay:			
Other capital outlay	35,324	286,350	395,476
Total capital outlay and			
Debt service expenditures	35,324	286,350	395,476
Total expenditures	8,820,114	9,074,955	9,184,001
Excess of revenues			
Over expenditures	1,735,013	945,695	837,344
Other financing sources:			
Advances to other divisions of Odyssey Charter School	(53,000)	(53,000)	(52,919)
Repayments to other divisions of Odyssey Charter School	(36,000)	(36,000)	(35,922)
Proceeds from capital lease and notes payable	200,000	216,675	216,679
Net book value of retired assets	-	-	-
Transfers in and (out)	(1,300,000)	(1,100,775)	(1,100,755)
Net change in fund balance	546,013	(27,405)	(135,573)
Fund balance at beginning of year	2,296,803	2,296,803	2,296,803
Fund balance at end of year	\$ 2,842,816	\$ 2,269,398	\$ 2,161,230

Notes to Budgetary Comparison Schedule

An annual budget is adopted on the modified accrual basis of accounting, consistent with generally accepted accounting principles. Amendments to the budget can only be made with the approval of the Board of Directors.

Odyssey Charter School
(A charter school under Odyssey Charter School, Inc.)
Statement of Revenues, Expenditures, and Changes in Fund Balance - Special Revenue Fund
For the year ended June 30, 2019

	Special Revenue Fund		
	Original Budget	Final Budget	Actual
REVENUES			
Federal sources	\$ 735,899	\$ 766,875	\$ 766,858
Federal lunch program	751,000	616,000	615,909
Charges for services	125,000	189,350	189,354
Total Revenues	1,611,899	1,572,225	1,572,121
EXPENDITURES			
Current:			
Instruction	507,390	434,225	434,209
Student support services	3,609	28,000	28,030
Instructional and curriculum development services	159,326	156,300	156,296
Instructional staff training	41,575	32,975	32,969
Instructional related technology	24,000	44,850	44,830
Food services	845,050	799,250	799,252
Pupil transportation services	-	5,100	5,186
Total current expenditures	1,580,950	1,500,700	1,500,772
Excess of revenues			
Over current expenditures	30,949	71,525	71,349
Capital outlay:			
Other capital outlay	19,350	81,000	81,170
Total capital outlay and			
Debt service expenditures	19,350	81,000	81,170
Total expenditures	1,600,300	1,581,700	1,581,942
Excess/(Deficit) of revenues			
Over expenditures	11,599	(9,475)	(9,821)
Other financing sources:			
Transfer in and (out)	(11,599)	9,475	9,821
Net change in fund balance	-	-	-
Fund balance at beginning of year	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ -

Notes to Budgetary Comparison Schedule

An annual budget is adopted on the modified accrual basis of accounting, consistent with generally accepted accounting principles. Amendments to the budget can only be made with the approval of the Board of Directors.

Odyssey Charter School
(A charter school under Odyssey Charter School, Inc.)
Statement of Revenues, Expenditures, and Changes in Fund Balance - Capital Projects Fund
For the year ended June 30, 2019

	Capital Projects Fund		
	Original Budget	Final Budget	Actual
REVENUES			
State capital outlay funding	\$ 657,000	\$ 1,116,460	\$ 1,116,459
Other revenue	-	1,000	986
Total Revenues	657,000	1,117,460	1,117,445
EXPENDITURES			
Current:			
Operation of plant	650,000	627,500	627,501
Maintenance of plant	-	50,225	50,217
Total current expenditures	650,000	677,725	677,718
Excess of revenues Over current expenditures	7,000	439,735	439,727
Capital outlay:			
Other capital outlay	-	488,960	488,958
Total capital outlay and Debt service expenditures	-	488,960	488,958
Total expenditures	650,000	1,166,685	1,166,676
Excess/(Deficit) of revenues Over expenditures	7,000	(49,225)	(49,231)
Other financing sources			
Transfers out	-	1,700	1,712
Net change in fund balance	7,000	(47,525)	(47,519)
Fund balance at beginning of year	497,080	497,080	497,080
Fund balance at end of year	\$ 504,080	\$ 449,555	\$ 449,561

Notes to Budgetary Comparison Schedule

An annual budget is adopted on the modified accrual basis of accounting, consistent with generally accepted accounting principles. Amendments to the budget can only be made with the approval of the Board of Directors.

Odyssey Charter School
(A charter school under Odyssey Charter School, Inc.)
Statement of Revenues, Expenditures, and Changes in Fund Balance - Debt Service fund
For the year ended June 30, 2019

	Debt Service Fund		
	Original Budget	Final Budget	Actual
REVENUES			
Other revenues	\$ -	\$ 2,200	\$ 2,195
Total Revenues	-	2,200	2,195
EXPENDITURES			
Current:			
Instruction	-	-	-
Total current expenditures	-	-	-
Excess of revenues Over current expenditures	-	2,200	2,195
Debt service:			
Repayment of principal	398,000	400,200	400,202
Interest	639,873	690,530	690,531
Total debt service expenditures	1,037,873	1,090,730	1,090,733
Total expenditures	1,037,873	1,090,730	1,090,733
Excess/(Deficit) of revenues over expenditures	(1,037,873)	(1,088,530)	(1,088,538)
Other financing sources:			
Transfers in and (out)	1,037,873	1,089,200	1,089,222
Net change in fund balance	-	670	684
Fund balance at beginning of year	826,842	826,842	826,842
Fund balance at end of year	\$ 826,842	\$ 827,512	\$ 827,526

Notes to Budgetary Comparison Schedule

An annual budget is adopted on the modified accrual basis of accounting, consistent with generally accepted accounting principles. Amendments to the budget can only be made with the approval of the Board of Directors.



INDEPENDENT AUDITOR’S 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*

Board of Directors of
Odyssey Charter School
Palm Bay, Florida

We have audited, in accordance with the 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 Odyssey Charter School (the “School”) 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 and have issued our report thereon dated August 30, 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 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. Accordingly, we do not express an opinion on the effectiveness of the School’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’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 from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

We issued a separate management letter dated August 30, 2019 pursuant to Chapter 10.850, Rules of the Auditor General.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink that reads "HLB Gravier, LLP". The signature is written in a cursive, flowing style.

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
August 30, 2019



MANAGEMENT LETTER

Board of Directors of
Odyssey Charter School
Palm Bay, Florida

Report on the Financial Statements

We have audited the financial statements of Odyssey Charter School as of and for the year ended June 30, 2019 and have issued our report thereon dated August 30, 2019.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in those reports and schedules, which are dated August 30, 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.

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 and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title and the school code assigned by the Florida Department of Education of the entity is Odyssey Charter School, 6507.

396 Alhambra Circle, Suite 900, Coral Gables, FL 33134 • Tel: 305.446.3022 • Fax: 305.446.6319
www.hlbgravier.com

HLB Gravier, LLP is a member of  International. A world-wide organization of accounting firms and business advisers.

Financial Condition and Management

Sections 10.854(1)(e)2 and 10.855(11), Rules of the Auditor General, require us to apply appropriate procedures and communicate whether or not Odyssey Charter School has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identify the specific condition(s) met. In connection with our audit, we determined that Odyssey Charter 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 Odyssey Charter School. It is management's responsibility to monitor Odyssey Charter 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.

Section 10.854(1)(e)3., Rules of the Auditor General, requires that we communicate any recommendation to improve financial management. In connection with our audit, we did not have any such recommendations.

Transparency

Sections 10.854(1)(e)7 and 10.855(13), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether Odyssey Charter School maintains on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes. In Connection with our audit, we determined that Odyssey Charter School maintained on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes.

Additional Matters

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

Purpose of this Letter

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



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
August 30, 2019