

**ROYAL PALM CHARTER
SCHOOL, INC.**

**Basic Financial Statements and
Supplemental Information**

June 30, 2019

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1-2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3-5
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements:	
Statement of Net Position	6
Statement of Activities	7
Fund Financial Statements:	
Balance Sheet - Governmental Funds	8
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	9
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	10
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	11
Notes to Financial Statements	12-21
REQUIRED SUPPLEMENTAL INFORMATION	
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund	22
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Other Governmental Funds	23
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Capital Outlay Fund	24
Note to Required Supplemental Information	25
SUPPLEMENTAL INFORMATION	
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	26-27
MANAGEMENT LETTER	28-29
MANAGEMENT FINDINGS, RECOMMENDATIONS, AND RESPONSES	30



Partners

W. Ed Moss, Jr.
Joe M. Krusick
Cori G. Cameron
Bob P. Marchewka
Ric Perez
James R. Dexter
Thomas F. Regan
Ernie R. Janvrin
Paul F. Smyth
Darby M. Hauck

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Royal Palm Charter School, Inc.
Palm Bay, Florida

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and aggregate remaining fund information of Royal Palm Charter School, Inc. (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 as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion 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 the *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 auditors' 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.

501 S. New York Ave.
Suite 100
Winter Park, FL 32789
Phone: 407-644-5811
Fax: 407-644-6022
www.mosskrusick.com

631 US Highway 1
Suite 405
N. Palm Beach, FL 33408
Phone: 561-848-9300
Fax: 561-848-9332

American Institute of
Certified Public
Accountants

Florida Institute of
Certified Public
Accountants

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

Opinion

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and the budgetary comparison schedules information on pages 3-5 and 22-25 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 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, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the School's 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.

Moss, Krusick & Associates, LLC

Winter Park, Florida
September 23, 2019

Management's Discussion and Analysis

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

Financial Highlights

- The School's overall net position decreased by \$46,329.
- Total ending unrestricted net position was \$165,502.
- The School had total expenses for the year of \$3,026,309, compared to revenues of \$2,979,980.
- The School educated 336 and 339 students in the years ending June 30, 2019 and 2018, respectively, serving grades K-8.

Overview of the Basic Financial Statements

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

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

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

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

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

The School maintains three individual governmental funds, the General Fund, Capital Outlay Fund, and Debt Service Fund. These funds are considered to be major funds and, accordingly, they are separately displayed.

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

CONDENSED FINANCIAL INFORMATION

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

	2019 Governmental Activities	2018 Governmental Activities	Variance
Net Position			
Assets			
Current assets	\$ 222,076	\$ 347,822	\$ (125,746)
Capital assets - net	3,257,387	253,012	3,004,375
Total assets	<u>3,479,463</u>	<u>600,834</u>	<u>2,878,629</u>
Liabilities			
Current liabilities	56,574	120,683	(64,109)
Non-current liabilities	2,994,820	5,753	2,989,067
Total liabilities	<u>3,051,394</u>	<u>126,436</u>	<u>2,924,958</u>
Net position			
Investment in capital assets	262,567	247,259	15,308
Unrestricted	165,502	227,139	(61,637)
Total net position	<u>\$ 428,069</u>	<u>\$ 474,398</u>	<u>\$ (46,329)</u>
Change in Net Position			
Revenues:			
Program revenues:			
Charges for services	\$ 14,559	\$ 8,609	\$ 5,950
Operating grants and contributions	269,361	297,261	(27,900)
Capital grants and contributions	163,856	59,967	103,889
General revenues:			
Florida Education Finance Program	2,357,586	2,165,045	192,541
Other state revenues	48,237	44,854	3,383
Other local revenue	126,381	144,212	(17,831)
Total revenue	<u>2,979,980</u>	<u>2,719,948</u>	<u>260,032</u>
Program expenses:			
Instruction	1,662,585	1,435,276	227,309
General support	554,200	415,280	138,920
Fiscal services	13,312	13,519	(207)
Food services	107,207	48,773	58,434
Central services	-	72,771	(72,771)
Operation of plant	460,246	661,183	(200,937)
Maintenance of plant	34,259	18,241	16,018
Proprietary and fiduciary expenses	38,067	27,871	10,196
Community service	26,571	-	26,571
Debt service	129,862	971	128,891
Total expenses	<u>3,026,309</u>	<u>2,693,885</u>	<u>332,424</u>
Change in net position	(46,329)	26,063	(72,392)
Net position - beginning	474,398	448,335	26,063
Net position - ending	<u>\$ 428,069</u>	<u>\$ 474,398</u>	<u>\$ (46,329)</u>

Governmental Activities. The governmental activities generated \$178,415 in program revenues and \$2,801,565 of general revenues, and incurred \$3,026,309 of program expenses. This resulted in a \$46,329 decrease in net position.

The School's Individual Funds

General Fund. The fund balance of the General Fund decreased by \$75,113 from \$227,139 to \$152,026.

Capital Outlay Fund. The fund balance of the Capital Outlay Fund increased by \$13,476 from \$0 to \$13,476.

Debt Service Fund. The fund balance of the Special Revenue Fund remained the same at \$0.

Budgetary Highlights

General Fund. Actual revenues exceeded originally budgeted revenues by \$217,665, although the FTE count decreased for the year, the amount of revenue per FTE student increased on a state-wide level. Actual expenditures were more than originally budgeted expenditures by \$310,970 due to the School additional expenditures, which were not in the original budgetary estimate. The Board of Directors amends the School's budget throughout the fiscal year to reflect changes in expected revenue and expenditures and changes in FTE counts. The Board of Directors has approved a motion to adjust the 2019 general fund budget to the actual 2019 general fund year-end financials. Thus, the final approved general fund budget is equal to the general fund statements of revenues, expenditures, and changes in fund balances. The budgetary information can be found on pages 22 through 25 of this report.

Capital Assets and Debt Administration

Capital Assets. The School experienced significant capital asset activity for the year as the building was purchased during the year. Please refer to a note to the accompanying financial statements entitled capital assets and depreciation for more detailed information about the School's capital asset activity.

Debt Administration. The School incurred new debts in relation to the purchase of the building and made scheduled payments on existing and new obligations. Please refer to a note to the accompanying financial statements entitled long term liabilities for more detailed information about the School's long-term debt activity.

Economic Factors

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

Contacting The School's Financial Management

This financial report is designed to provide a general overview of the School's finances and to show the School's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Shannon Shupe, Director, Royal Palm Charter School, 7145 South Babcock St., S.E., Palm Bay, FL 32909.

ROYAL PALM CHARTER SCHOOL, INC.

STATEMENT OF NET POSITION

June 30, 2019

	<u>Governmental Activities</u>
ASSETS	
CURRENT ASSETS	
Cash	\$ 148,810
Accounts receivable	44,176
Prepaid items	10,068
Deposits	<u>19,022</u>
Total current assets	222,076
Capital assets, net of accumulated depreciation	
Non-depreciable capital assets	126,616
Depreciable capital assets, net	<u>3,130,771</u>
Total capital assets	<u>3,257,387</u>
Total assets	<u>3,479,463</u>
LIABILITIES AND NET POSITION	
CURRENT LIABILITIES	
Accrued payroll	10,899
Accounts payable	<u>45,675</u>
Total current liabilities	56,574
NONCURRENT LIABILITIES	
Long-term debt	
Due within one year	32,333
Due in more than one year	<u>2,962,487</u>
Total liabilities	<u>3,051,394</u>
NET POSITION	
Investment in capital assets, net of related debt	262,567
Unrestricted	<u>165,502</u>
Total net position	<u><u>\$ 428,069</u></u>

The accompanying notes are an integral part of these financial statements.

ROYAL PALM CHARTER SCHOOL, INC.

STATEMENT OF ACTIVITIES

Year Ended June 30, 2019

Functions/ Programs	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	\$ 1,276,484	\$ -	\$ 181,821	\$ -	\$ (1,094,663)
Exceptional instruction	198,630	-	-	-	(198,630)
Prekindergarten	56,815	-	-	-	(56,815)
Guidance services	49,204	-	-	-	(49,204)
Parental involvement	378	-	-	-	(378)
Staff training services	5,415	-	-	-	(5,415)
Instructional technology	75,659	-	-	-	(75,659)
General support	554,200	-	-	-	(554,200)
Fiscal services	13,312	-	-	-	(13,312)
Food services	107,207	14,559	87,540	-	(5,108)
Operation of plant	460,246	-	-	163,856	(296,390)
Maintenance of plant	34,259	-	-	-	(34,259)
Community service	26,571	-	-	-	(26,571)
Debt service	129,862	-	-	-	(129,862)
Proprietary and fiduciary expense	38,067	-	-	-	(38,067)
Total governmental activities	<u>\$ 3,026,309</u>	<u>\$ 14,559</u>	<u>\$ 269,361</u>	<u>\$ 163,856</u>	<u>(2,578,533)</u>
General revenues:					
State revenue					
Florida Education Finance Program					2,357,586
Other state revenues					48,237
Local revenue					
Other local revenues					126,381
Total general revenues					<u>2,532,204</u>
Change in net position					(46,329)
Net position at July 1, 2018					474,398
Net position at June 30, 2019					<u>\$ 428,069</u>

The accompanying notes are an integral part of these financial statements.

ROYAL PALM CHARTER SCHOOL, INC.

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2019

	General Fund	Capital Outlay Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash	\$ 148,810	\$ -	\$ -	\$ -	\$ 148,810
Accounts receivable	30,700	13,476	-	-	44,176
Prepaid expenses	10,068	-	-	-	10,068
Deposits	19,022	-	-	-	19,022
Total assets	<u>\$ 208,600</u>	<u>\$ 13,476</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 222,076</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accrued payroll	\$ 10,899	\$ -	\$ -	\$ -	\$ 10,899
Accounts payable	45,675	-	-	-	45,675
Total liabilities	<u>56,574</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>56,574</u>
FUND BALANCES					
Nonspendable					
Prepaid expenditures	10,068	-	-	-	10,068
Deposits	19,022	-	-	-	19,022
Unassigned	122,936	13,476	-	-	136,412
Total fund balances	<u>152,026</u>	<u>13,476</u>	<u>-</u>	<u>-</u>	<u>165,502</u>
Total liabilities and fund balances	<u>\$ 208,600</u>	<u>\$ 13,476</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 222,076</u>

The accompanying notes are an integral part of these financial statements.

ROYAL PALM CHARTER SCHOOL, INC.
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION

June 30, 2019

Fund balances - total governmental funds	\$ 165,502
The net position reported for governmental activities in the statement of net position is different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.	
Capital assets - Net of accumulated depreciation	3,257,387
Long-term debt are not due and payable in the current period and, therefore, not reported in the funds	<u>(2,994,820)</u>
Total net position of governmental activities	<u>\$ 428,069</u>

The accompanying notes are an integral part of these financial statements.

ROYAL PALM CHARTER SCHOOL, INC.

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

Year Ended June 30, 2019

	General Fund	Capital Outlay Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Federal passed through state					
National School Lunch Program	\$ -	\$ -	\$ -	\$ 87,540	\$ 87,540
Title I	-	-	-	166,083	166,083
IDEA funds	-	-	-	15,738	15,738
State passed through local school district					
Florida Education Finance Program	2,357,586	-	-	-	2,357,586
Public Education Capital Outlay	-	163,856	-	-	163,856
Other state revenues	48,237	-	-	-	48,237
Local revenue					
Student lunches	-	-	-	14,559	14,559
Other local revenues	126,381	-	-	-	126,381
Total revenues	<u>2,532,204</u>	<u>163,856</u>	<u>-</u>	<u>283,920</u>	<u>2,979,980</u>
Expenditures					
Current:					
Instruction	1,132,793	-	-	117,180	1,249,973
ESE expenses	198,630	-	-	-	198,630
Pre K	56,815	-	-	-	56,815
Guidance services	49,204	-	-	-	49,204
Staff training services	5,415	-	-	-	5,415
Parental involvement	-	-	-	378	378
Instructional technology	11,396	-	-	64,263	75,659
General support	555,475	-	-	-	555,475
Fiscal services	13,312	-	-	-	13,312
Food services	-	-	-	107,207	107,207
Operation of plant	316,490	124,850	-	-	441,340
Maintenance of plant	34,259	-	-	-	34,259
Community services	26,571	-	-	-	26,571
Proprietary and fiduciary expenses	38,067	-	-	-	38,067
Debt service:					
Principal	-	10,933	-	-	10,933
Interest	-	34,131	-	-	34,131
Total expenditures	<u>2,438,427</u>	<u>169,914</u>	<u>-</u>	<u>289,028</u>	<u>2,897,369</u>
Excess (deficiency) of revenues over (under) expenditures	<u>93,777</u>	<u>(6,058)</u>	<u>-</u>	<u>(5,108)</u>	<u>82,611</u>
Other financing sources (uses):					
Loan proceeds	-	-	3,000,000	-	3,000,000
Loan costs	-	-	(95,731)	-	(95,731)
Capital expenditures	-	-	(3,048,517)	-	(3,048,517)
Transfer	(168,890)	19,534	144,248	5,108	-
Total other financing sources (uses)	<u>(168,890)</u>	<u>19,534</u>	<u>-</u>	<u>5,108</u>	<u>(144,248)</u>
Net change in fund balances	<u>(75,113)</u>	<u>13,476</u>	<u>-</u>	<u>-</u>	<u>(61,637)</u>
Fund balances at July 1, 2018	227,139	-	-	-	227,139
Fund balances at June 30, 2019	<u>\$ 152,026</u>	<u>\$ 13,476</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 165,502</u>

The accompanying notes are an integral part of these financial statements.

ROYAL PALM CHARTER SCHOOL, INC.

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES

Year Ended June 30, 2019

Net change in fund balances - total government funds \$ (61,637)

The change in net position reported for governmental activities
in the statement of activities is different because:

Governmental funds report fixed capital outlays as expenditures. However, in
the statement of activities, the cost of those assets is allocated over their
estimated useful lives and reported as depreciation expense.

Current year expenditures for capital assets	\$3,055,344	
Current year depreciation expense	<u>(50,969)</u>	
Total capital assets		3,004,375

The issuance of long-term debt provides current financial resources to
governmental funds, while the repayment of the principal of long-term debt
consumes current financial resources of governmental funds. Neither
transaction, however, has any effect on net position.

Proceeds from long-term debt		(3,000,000)
Capital lease obligation		5,753
Principal payment on long-term debt		<u>5,180</u>

Change in net position of governmental activities \$ (46,329)

The accompanying notes are an integral part of these financial statements.

ROYAL PALM CHARTER SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE A - SUMMARY OF REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Royal Palm Charter School, Inc. conform to generally accepted accounting principles as applicable to governments. The more significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

1. Reporting entity

Royal Palm Charter School, Inc. is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not For Profit Corporation Act, and Section 1002.33, Florida Statutes. The not-for-profit corporation began conducting business as Royal Palm Charter School, Inc. (the "School") in 2006. The governing body of the School is the not-for-profit corporation's Board of Directors.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, the Brevard County District School Board (the "District"). The current charter is effective until June 30, 2031, and may be renewed provided that a program review demonstrates that certain criteria addressed in Section 1002.33(7), Florida Statutes, have been successfully accomplished. At the end of the term of the charter, the District may choose not to renew the charter under grounds specified in the charter, in which case the District is required to notify the School in writing at least 90 days prior to the charter's expiration. Pursuant to Section 1002.33(8)(e), Florida Statutes, the charter school contract provides that in the event the School is dissolved or terminated, any unencumbered funds and all School property purchased with public funds automatically revert to the District. During the term of the charter, the District may also terminate the charter if good cause is shown. The School is considered a component unit of the District.

Criteria for determining if other entities are potential component units of the School which should be reported with the School's basic financial statements are identified and described in the Governmental Accounting Standards Board's (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*, Sections 2100 and 2600. The application of these criteria provide for identification of any entities for which the School is financially accountable and other organizations for which the nature and significance of their relationship with the School are such that exclusion would cause the School's basic financial statements to be misleading or incomplete. Based on these criteria, no component units are included within the reporting entity of the School.

2. Government-wide financial statements

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

ROYAL PALM CHARTER SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

**NOTE A - SUMMARY OF REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES
(continued)**

2. Government-wide financial statements (continued)

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

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

3. Fund financial statements

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

The following funds are used by the School:

GOVERNMENTAL FUNDS

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

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

Debt Service Fund – The Debt Service Fund is used account for the resources accumulated and payments made for principal and interest on the mortgage

In the accompanying fund financial statements, the General Fund and Special Revenue Fund are considered to be major funds and, therefore, are separately displayed. The School also has a Capital Outlay Fund and Debt Service Fund which are a non-major funds.

ROYAL PALM CHARTER SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

**NOTE A - SUMMARY OF REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES
(continued)**

4. Measurement focus and basis of accounting

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

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

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

5. Cash and cash equivalents

Cash consists of deposits in financial institutions. At times, such deposits may be in excess of the Federal Deposit Insurance Corporation (FDIC) insurance limit. At June 30, 2019, there were no funds held in excess of FDIC insurance coverage. The School has no policy regarding deposit custodial credit risk.

6. Prepays

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid assets are reported as "non-spendable" in the funds financial statements to indicate that prepaids do not represent available expendable resources.

ROYAL PALM CHARTER SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

**NOTE A - SUMMARY OF REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES
(continued)**

7. Capital assets and depreciation

Capital assets are defined by the School as assets with an initial, individual cost of \$1,000 or more and an estimated useful life of more than one year. These assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value on the date of donation. Depreciable capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Improvements Other Than Buildings	5-15
Equipment Under Capital Lease	2-7
Furniture, Fixtures and Equipment	5-10
Building	40

8. Revenue sources

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

9. Long-term liabilities

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

ROYAL PALM CHARTER SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

**NOTE A - SUMMARY OF REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES
(continued)**

10. Net position

Net position represents the difference between assets and liabilities and is reported in three categories as hereafter described. *Net investment in capital assets*, represents capital assets, net of accumulated depreciation and any outstanding debt related to those assets. Net position is reported as *restricted* when there are legal limitations imposed on its use by legislation, or external restrictions imposed by other governments, creditors, or grantors. *Unrestricted* net position is net position that does not meet the definition of the classifications previously described. When both restricted and unrestricted resources are available for use, it is the School's policy to use restricted resources first, and then unrestricted resources as they are needed.

11. Fund equity

Governmental funds report separate classifications of fund balance.

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

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

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

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

ROYAL PALM CHARTER SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

**NOTE A - SUMMARY OF REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES
(continued)**

11. Fund equity (continued)

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

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

12. Use of estimates

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

13. Recent accounting pronouncements

In June 2017, the GASB issued Accounting Standards Updated (ASU) No. 87, Leases, which will require lessees to put most leases on their balance sheets and recognize expenses on their income statements in a manner similar to today's capital lease accounting. The new guidance is effective for reporting periods beginning after December 15, 2019. Early adoption is permitted. The School is evaluating the potential effect ASU No. 87 will have on its financial statements.

14. Subsequent events

The School has evaluated subsequent events through September 23, 2019, the date which the financial statements were available to be issued

NOTE B - RISK MANAGEMENT

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

ROYAL PALM CHARTER SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE C - CAPITAL ASSETS AND DEPRECIATION

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

	Balance at July 1, 2018	Additions	Deletions	Balance at June 30, 2019
Capital assets not being depreciated:				
Land improvements	\$ 126,616	\$ -	\$ -	\$ 126,616
Capital assets depreciated:				
Improvements other than buildings	345,003	-	-	345,003
Equipment under capital lease	246,325	-	-	246,325
Furniture, fixtures, & equipment	261,537	6,827	-	268,364
Building	-	3,048,517	-	3,048,517
Total assets depreciated	<u>852,865</u>	<u>3,055,344</u>	<u>-</u>	<u>3,908,209</u>
Less accumulated depreciation:				
Improvements other than buildings	322,545	2,329	-	324,874
Equipment under capital lease	199,361	22,203	-	221,564
Furniture, fixtures, & equipment	204,563	13,735	-	218,298
Building	-	12,702	-	12,702
Total accumulated depreciation	<u>726,469</u>	<u>50,969</u>	<u>-</u>	<u>777,438</u>
Total governmental activities capital assets, net	<u>\$ 253,012</u>	<u>\$3,004,375</u>	<u>\$ -</u>	<u>\$ 3,257,387</u>

Depreciation was charged to the following functions/programs as follows:

Instruction	\$ 27,563
General support	<u>23,406</u>
Total depreciation expense	<u>\$ 50,969</u>

ROYAL PALM CHARTER SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE D - CONCENTRATIONS

Revenue sources

As stated in Note A-8, the School receives revenues for current operations primarily from the State of Florida through the District. The following is a schedule of revenue sources and amounts:

Source	Amount
School Board of Brevard County:	
FEFP	\$ 1,552,343
Reading allocation	14,150
Safe schools	18,751
ESE guaranteed allocation	134,216
SAI	92,842
Instructional materials	23,615
Library media materials	1,518
Discretionary compression	35,609
Discretionary millage	134,300
Discretionary lottery	1,107
Class size reduction	376,659
Digital classroom	6,545
Lead funds	6,453
State scholarship program	18,893
Emergency impact aid	6,750
Facilities security grant	11,894
Mental health allocation	7,912
Administrative fee	(85,971)
Total passed through the School	
District of Brevard County	2,357,586
Federal passed through state	
National School Lunch Program	87,540
Title I	166,083
IDEA funds	15,738
State revenue	
Public Education Capital Outlay	163,856
Other state revenues	48,237
Local revenue	
Student lunches	14,559
Other local revenues	126,381
Total general revenues	\$ 2,979,980

The administration fee paid to the District during the year ended June 30, 2019, totaled \$85,971.

ROYAL PALM CHARTER SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE E - LONG-TERM LIABILITIES

During March 2019, the School entered into a term mortgage loan with Ameris Bank with a term of 30 years. The terms of the loan provide for monthly installments of principal and interest in the amount of \$19,458 including interest at 6.75% based upon a thirty-year amortization schedule. The interest rate can be adjusted every 5 years after the initial payment to reflect the maximum prime interest rate in the Wall Street Journal plus 1.25%. The mortgage is secured by the property.

The School entered into lease agreements that qualify as capital leases and, therefore, are recorded at present value of the future minimum lease payments at the date of inception. The following is a summary of changes in long-term liabilities:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019	Amount Due In 1 Year
Mortgage loan	\$ -	\$ 3,000,000	\$ 5,180	\$ 2,994,820	\$ 32,333
Playground equipment	5,753	-	5,753	-	-
Total capital leases	\$ 5,753	\$ 3,000,000	\$ 10,933	\$ 2,994,820	\$ 32,333

Aggregate annual maturities for long-term liabilities over each of the next five years and thereafter are as follows:

Year	Amount
2020	\$ 32,333
2021	34,584
2022	36,992
2023	39,568
2024	42,323
2025-2029	260,143
2030-2034	364,230
2035-2039	509,964
2040-2044	714,009
2045-2049	960,674
Total	\$ 2,994,820

ROYAL PALM CHARTER SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE F - OPERATING LEASES

The School entered into the following operating lease agreements with same lessor for certain of its facilities:

- Lease of a 16,000 square foot facility for \$310,400 per year, paid monthly at \$25,867. The lease expired July 31, 2018, at which time the School had the option to buy the leased property at the current market rate. The School purchased the facility (See Note C) and the payments were made until the purchase was completed in fiscal 2019.
- Lease of a 8,220 square foot facility for \$208,788 per year, paid monthly at \$17,399. The lease expired June 30, 2018. Effective January 1, 2018, the monthly lease payment was decreased to \$14,000. The lease was renewed in July 2018 for a one-year term expiring June 30, 2019 with monthly payments of \$7,000.

NOTE G - GUARANTEE

As discussed in Note F, the School leased its facilities. The lessor of those facilities financed the acquisition and construction of the facilities with a promissory note due to a bank in the amount of \$1,600,000, which the School had guaranteed. The note was collateralized by the buildings which the School occupied under the operating leases. The promissory note was due in 59 monthly installments of \$10,622 beginning October 26, 2013, and one principal and interest payment of \$1,347,587 on September 26, 2018.

The School would have been obligated to perform under the guarantee if the lessor failed to make note payments when due. During 2017, the lessor failed to make the required payments and thus the building was foreclosed on April 4, 2017 by the bank. The School continued to make the required lease payments to the bank to keep possession of the building and had been negotiating a loan to buy the building, and during fiscal 2019 (See Note E) obtained the loan and purchased the building.

NOTE H - CONTINGENT LIABILITIES

The School is involved in litigation with its prior management company. The School is vigorously contesting the claims against the School and has countersued the management company. It is impossible to determine the outcome of the litigation; however, management does not believe it will be required to pay any damages and has not record a related liability as of June 30, 2019.

REQUIRED SUPPLEMENTAL INFORMATION

ROYAL PALM CHARTER SCHOOL, INC.

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL FUND**

Year Ended June 30, 2019

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
Revenues				
State passed through local school district				
Florida Education Finance Program	\$ 2,226,098	\$ 2,357,586	\$ 2,357,586	\$ -
Other state revenues	42,000	48,237	48,237	-
Local revenue				
Other local revenue	53,000	126,381	126,381	-
Total revenues	2,321,098	2,532,204	2,532,204	-
Expenditures				
Current:				
Instruction	1,156,597	1,132,793	1,132,793	-
ESE expenses	173,850	198,630	198,630	-
Pre K	57,268	56,815	56,815	-
Guidance services	47,618	49,204	49,204	-
Staff training services	-	5,415	5,415	-
Instructional technology	1,000	11,396	11,396	-
General support	414,596	555,475	555,475	-
Fiscal services	10,000	13,312	13,312	-
Operation of plant	220,767	316,490	316,490	-
Maintenance of plant	15,000	34,259	34,259	-
Community services	19,539	26,571	26,571	-
Proprietary and fiduciary expenses	5,000	38,067	38,067	-
Debt service:				
Principal	5,280	-	-	-
Interest	1,320	-	-	-
Total expenditures	2,127,835	2,438,427	2,438,427	-
Excess (deficiency) of revenues over (under) expenditures	193,263	93,777	93,777	-
Other financing sources (uses):				
Transfer	-	(168,890)	(168,890)	-
Total other financing sources (uses)	-	(168,890)	(168,890)	-
Net change in fund balance	193,263	(75,113)	(75,113)	-
Fund balance at July 1, 2018	227,139	227,139	227,139	-
Fund balance at June 30, 2019	\$ 420,402	\$ 152,026	\$ 152,026	\$ -

See note to required supplemental information.

ROYAL PALM CHARTER SCHOOL, INC.

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - OTHER GOVERNMENTAL FUNDS

Year Ended June 30, 2019

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
Revenues				
Federal passed through state				
National School Lunch Program	\$ 88,000	\$ 87,540	\$ 87,540	\$ -
Title I	166,083	166,083	166,083	-
IDEA funds	8,300	15,738	15,738	-
Local revenue				
Student lunches	8,000	14,559	14,559	-
Total revenues	270,383	283,920	283,920	-
Expenditures				
Current:				
Instruction	85,973	117,180	117,180	-
Parental involvement	3,500	378	378	-
Staff development	8,750	-	-	-
Instructional technology	67,860	64,263	64,263	-
Food services	95,004	107,207	107,207	-
Total expenditures	261,087	289,028	289,028	-
Excess (deficiency) of revenues over (under) expenditures	9,296	(5,108)	(5,108)	-
Other financing sources (uses):				
Transfer	-	5,108	5,108	-
Total other financing sources (uses)	-	5,108	5,108	-
Net change in fund balance	9,296	-	-	-
Fund balance at July 1, 2018	-	-	-	-
Fund balance at June 30, 2019	\$ 9,296	\$ -	\$ -	\$ -

See note to required supplemental information.

ROYAL PALM CHARTER SCHOOL, INC.

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - CAPITAL OUTLAY FUND

Year Ended June 30, 2019

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
Revenues				
State passed through local school district				
Public Education Capital Outlay	\$ 160,000	\$ 163,856	\$ 163,856	\$ -
Total revenues	160,000	163,856	163,856	-
Expenditures				
Operation of plant	-	124,850	124,850	-
Debt service:				
Principal	275,633	10,933	10,933	-
Interest	11,720	34,131	34,131	-
Total expenditures	287,353	169,914	169,914	-
Excess (deficiency) of revenues over (under) expenditures	(127,353)	(6,058)	(6,058)	-
Other financing sources (uses):				
Transfer	-	19,534	19,534	-
Total other financing sources (uses)	-	19,534	19,534	-
Net change in fund balance	(127,353)	13,476	13,476	-
Fund balance at July 1, 2018	-	-	-	-
Fund balance at June 30, 2019	\$ (127,353)	\$ 13,476	\$ 13,476	\$ -

See note to required supplemental information.

ROYAL PALM CHARTER SCHOOL, INC.

NOTE TO REQUIRED SUPPLEMENTAL INFORMATION

June 30, 2019

NOTE A - BUDGETARY INFORMATION

Budgetary basis of accounting

Annual budgets are adopted for the entire operations and may be amended by the Board of Directors (the "Board"). The budgets presented for fiscal year ended June 30, 2019, have been amended according to Board procedures. Budgets are adopted on the modified accrual basis of accounting. The legal level of budgetary control is the fund level.

Although budgets are adopted for the entire operation, budgetary comparisons have been presented for the general fund and the special revenue fund for which a legally adopted budget exists.

SUPPLEMENTAL INFORMATION



Partners

W. Ed Moss, Jr.
Joe M. Krusick
Cori G. Cameron
Bob P. Marchewka
Ric Perez
James R. Dexter
Thomas F. Regan
Ernie R. Janvrin
Paul F. Smyth
Darby M. Hauck

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors of
Royal Palm Charter School, Inc.
Palm Bay, Florida

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and aggregate remaining fund information of Royal Palm Charter School, Inc. (the "School") as of and for the year ended June 30, 2019, and the related notes to financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated September 23, 2019.

501 S. New York Ave.
Suite 100
Winter Park, FL 32789
Phone: 407-644-5811
Fax: 407-644-6022
www.mosskrusick.com

Internal Control over Financial Reporting

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

631 US Highway 1
Suite 405
N. Palm Beach, FL 33408
Phone: 561-848-9300
Fax: 561-848-9332

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.

**American Institute of
Certified Public
Accountants**

**Florida Institute of
Certified Public
Accountants**

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and 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*.

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.

Moss, Krusick & Associates, LLC

Winter Park, Florida
September 23, 2019



MANAGEMENT LETTER

Partners

W. Ed Moss, Jr.
Joe M. Krusick
Cori G. Cameron
Bob P. Marchewka
Ric Perez
James R. Dexter
Thomas F. Regan
Ernie R. Janvrin
Paul F. Smyth
Darby M. Hauck

To the Board of Directors of
Royal Palm Charter School, Inc.
Palm Bay, Florida

Report on the Financial Statements

We have audited the financial statements of Royal Palm Charter School, Inc. (the "School"), as of and for the fiscal year ended June 30, 2019, and have issued our report thereon dated September 23, 2019.

Auditors' Responsibility

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

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 that report, which is dated September 23, 2019, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. In that regard, there are no uncorrected findings to report.

Official Title

Section 10.854(1)(e)5., Rules of the Auditor General, requires that 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 of the entity is *Royal Palm Charter School, Inc.* 6509.

501 S. New York Ave.
Suite 100
Winter Park, FL 32789
Phone: 407-644-5811
Fax: 407-644-6022
www.mosskrusick.com

631 US Highway 1
Suite 405
N. Palm Beach, FL 33408
Phone: 561-848-9300
Fax: 561-848-9332

American Institute of
Certified Public
Accountants

Florida Institute of
Certified Public
Accountants

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 the School has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the School did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

Section 10.854(1)(e)3., Rules of the Auditor General, requires that we communicate any recommendations 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 the 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 the 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, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

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

Moss, Krusick & Associates, LLC

Winter Park, Florida
September 23, 2019

MANAGEMENT FINDINGS, RECOMMENDATIONS AND RESPONSES

For the year ended June 30, 2019, there were no management finding, recommendations or responses.