

**ATHENIAN ACADEMY OF
TECHNOLOGY AND THE ARTS, INC.**

A Charter School and Component Unit of the
District School Board of Pasco County, Florida

INDEPENDENT AUDITOR'S REPORT

for the fiscal year ended JUNE 30, 2020

King & Walker, CPAs, PL

Certified Public Accountants

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ATHENIAN ACADEMY OF TECHNOLOGY AND THE ARTS, INC.

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Independent Auditor's Report

To the Board of Directors Athenian Academy of Technology and the Arts, Inc,
a Charter School and Component Unit of the
District School Board of Pasco County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Athenian Academy of Technology and the Arts, Inc. ("School"), a charter school and component unit of the District School Board of Pasco County, Florida, as of and for the year ended June 30, 2020, 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 *Governmental 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 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 School'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 School'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 opinion.

Opinions

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 the aggregate remaining fund information of the School, as of June 30, 2020, and the respective changes in

financial position thereof for the year 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 the Management's Discussion and Analysis, the Budgetary Comparison Schedule, and Note to Required Supplementary Information, as shown in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historic 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 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 20, 2020 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 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 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.

Respectfully submitted,



August 20, 2020
Tampa, Florida

ATHENIAN ACADEMY OF TECHNOLOGY AND THE ARTS, INC.
A Charter School and Component Unit of the District School Board of Pasco County, Florida
MANAGEMENT’S DISCUSSION AND ANALYSIS - (Unaudited)

The Management’s Discussion and Analysis (MD&A) section of the annual financial report of the Athenian Academy of Technology and the Arts, Inc. (“School”) provides an overview of the School’s activities for the fiscal year ended June 30, 2020.

Because the information contained in the MD&A is intended to highlight significant transactions, events, and conditions, it should be considered in conjunction with the School’s financial statements and notes to financial statements, as listed in the table of contents.

FINANCIAL HIGHLIGHTS

- For the fiscal year ended June 30, 2020, the School’s revenues exceeded expenses as shown on the School’s statement of activities by \$119,347.
- As shown on the statement of net position, the School reported an unrestricted net position balance of \$611,298.

OVERVIEW OF THE FINANCIAL STATEMENTS

The basic financial statements consist of three components:

- ✓ Government-wide financial statements
- ✓ Fund financial statements
- ✓ Notes to financial statements

Government-Wide Financial Statements

The government-wide financial statements provide both short-term and long-term information about the School’s overall financial condition in a manner similar to those of a private-sector business. The statements include a statement of Net Position and a statement of activities that are designed to provide consolidated financial information about the governmental activities of the School presented on the accrual basis of accounting. The statement of Net Position provides information about the government’s financial position, its assets and liabilities, using an economic resources measurement focus. The difference between the assets and liabilities, the Net Position, is a measure of the financial health of the School. The statement of activities presents information about the change in the School’s Net Position and the results of operations, during the fiscal year. An increase or decrease in Net Position is an indication of whether the School’s financial health is improving or deteriorating. To assess the overall financial position of the School, one needs to consider additional non-financial factors such as changes in the School student base funding level.

ATHENIAN ACADEMY OF TECHNOLOGY AND THE ARTS, INC.
A Charter School and Component Unit of the District School Board of Pasco County, Florida
MANAGEMENT'S DISCUSSION AND ANALYSIS - (Unaudited)

Fund Financial Statements

Fund financial statements are one of the components of the basic financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund financial statements provide more detailed information about the School's financial activities, focusing on its most significant funds rather than fund types. This is in contrast to the entity-wide perspective contained in the government-wide financial statements.

Governmental Funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, the governmental funds utilize a spendable financial resources measurement focus rather than the economic resources measurement focus found in the government-wide financial statements. The financial resources measurement focus allows the governmental fund financial statements to provide information on near-term inflows and outflows of spendable resources as well as balances of spendable resources available at the end of the fiscal year.

The governmental fund financial statements provide a detailed short-term view that may be used to evaluate the School's near-term financing requirements. This short-term view is useful when compared to the long-term view presented as governmental activities in the government-wide financial statements. To facilitate this comparison, both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation of governmental fund to governmental activities.

The governmental funds balance sheet and statement of revenues, expenditures, and changes in fund balances provide detailed information about the School's most significant funds. The School operates the following funds; a General Fund to account for its general operations and internal account activities; a Debt Service Fund to account for long-term debt; a Capital Projects Fund to account for financial resources that are restricted, committed or assigned to expenditures for capital outlays; and a Special Revenue Fund to account for Federal grant programs. For reporting purposes, all funds are considered major funds.

The School adopts an annual budget for its governmental funds. A budgetary comparison schedule, as required, has been provided for the General Fund and Major Special Revenue Fund to demonstrate compliance with the budget.

Notes to Financial Statements

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

ATHENIAN ACADEMY OF TECHNOLOGY AND THE ARTS, INC.
A Charter School and Component Unit of the District School Board of Pasco County, Florida
MANAGEMENT’S DISCUSSION AND ANALYSIS - (Unaudited)

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following is a summary of the School’s current year and prior year net position:

	Net Position, End of Year		
	<u>Governmental Activities</u>		
	<u>6-30-19</u>	<u>6-30-20</u>	<u>Increase (Decrease)</u>
ASSETS			
Current and Other Assets	\$ 546,345	\$ 1,252,040	\$ 705,695
Capital Assets, net	265,894	2,292,377	2,026,483
Total Assets	<u>812,239</u>	<u>3,544,417</u>	<u>2,732,178</u>
LIABILITIES			
Current Liabilities	149,306	640,742	491,436
Long Term Liabilities	8,566	2,129,961	2,121,395
Total Liabilities	<u>157,872</u>	<u>2,770,703</u>	<u>2,612,831</u>
NET POSITION			
Net Investment in Capital Assets	257,328	162,416	(94,912)
Unrestricted	397,039	611,298	214,259
Total Net Position	<u>\$ 654,367</u>	<u>\$ 773,714</u>	<u>\$ 119,347</u>

The largest portions of the School’s assets are cash and cash equivalents (33%) and capital assets, net of depreciation (65%). Current liabilities consist mainly of salaries and benefits payable and a loan payable. Long term liabilities consist of a note payable for the purchase of its School facility. The School reported an unrestricted net position balance of \$611,298.

ATHENIAN ACADEMY OF TECHNOLOGY AND THE ARTS, INC.
A Charter School and Component Unit of the District School Board of Pasco County, Florida
MANAGEMENT’S DISCUSSION AND ANALYSIS - (Unaudited)

The following is a summary of the School’s change in net position for current year and prior year:

	Operating Results for the Year		Increase (Decrease)
	Governmental		
	Activities		
	2019	2020	
Revenues:			
Federal Through State and Local	\$ 140,157	\$ 124,772	\$ (15,385)
State Sources	2,687,582	2,855,382	167,800
Local and Other Revenue	160,837	127,415	(33,422)
Total Revenues	2,988,576	3,107,569	118,993
Expenses:			
Instruction	1,516,959	1,598,057	81,098
Pupil Personnel Services	2,901	230	(2,671)
Board	19,055	7,500	(11,555)
General Administration	234,455	244,866	10,411
School Administration	313,840	307,856	(5,984)
Facilities Acquisition & Construction	-	46,350	46,350
Fiscal Services	90,535	91,665	1,130
Food Services	15,383	18,319	2,936
Central Services	14,221	36,379	22,158
Transportation	112,305	76,960	(35,345)
Operation of Plant	498,990	435,340	(63,650)
Administrative Technology	2,515	1,168	(1,347)
Community Services	22,183	19,124	(3,059)
Interest & Fiscal Charges	2,655	24,779	22,124
Unallocated Depreciation	68,104	79,629	11,525
Total Expenses	2,914,101	2,988,222	74,121
Change in Net Position	\$ 74,475	\$ 119,347	\$ 44,872

The largest revenue source for the School is the State of Florida (92%). Revenues from State sources for current operations are primarily received through the Florida Education Finance Program (FEFP) funding formula. The FEFP formula utilizes student enrollment data to determine the funds available for the School. Revenues increased due to an increase in student enrollment and an increase in capital outlay allocation.

The largest concentration of expenses was for instruction related functions 54% and operation of plant 15% of total expenditures.

ATHENIAN ACADEMY OF TECHNOLOGY AND THE ARTS, INC.
A Charter School and Component Unit of the District School Board of Pasco County, Florida
MANAGEMENT'S DISCUSSION AND ANALYSIS - (Unaudited)

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

Governmental Funds

As the School completed the year, its governmental funds reported a combined fund balance of \$611,298.

BUDGETARY HIGHLIGHTS

The general fund budget for the fiscal year ended June 30, 2020, was developed based on the School's anticipated revenues and expenditures and the expected student population for the school year. Over the course of the year, the school revised its general fund budget several times. Refer to the Budgetary Comparison Schedule for additional information.

CAPITAL ASSETS

The School's investment in capital assets for its governmental activities as of June 30, 2020, amounts to \$2,292,377 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and furniture, fixtures, and equipment. Additional information regarding the School's capital assets can be found in the notes to the financial statements.

DEBT

The School on March 20, 2020, signed a promissory note secured by a mortgage with the US Department of Agriculture Rural Housing Service for \$2,140,000 to be repaid over 30 years. The purpose of the Note was to fund the purchase of its School facility. The current repayment requirement calls for equal monthly payments of \$8,808 for principal and interest until maturity over the next 360 months at an interest rate of 2.75 percent.

In 2019-20, the School received a Paycheck Protection Program (PPP) Loan under the CARES Act for \$362,350 to be used for payroll costs and health care benefits. This loan is expected to be forgiven or repaid during the 2020-21 fiscal year.

Additional information regarding the School's long-term and short-term liabilities can be found in the Notes to the financial statements.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Athenian Academy of Technology and the Arts, Inc.'s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director, Athenian Academy of Technology and the Arts, Inc., 3118 Seven Springs Blvd., New Port Richey, FL 34655.

ATHENIAN ACADEMY OF TECHNOLOGY AND THE ARTS, INC.

**A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF PASCO COUNTY, FLORIDA**

STATEMENT OF NET POSITION

JUNE 30, 2020

	<u>Governmental Activities</u>
ASSETS	
Cash & Cash Equivalents	\$ 1,182,328
Accounts Receivable	3,260
Due from Other Agencies	6,345
Prepaid Expenses and Deposits	60,107
Capital Assets:	
Land	900,750
Buildings and Improvements, Net	1,350,892
Furniture, Fixtures, and Equipment, Net	40,735
Total Capital Assets, Net	<u>2,292,377</u>
TOTAL ASSETS	<u>3,544,417</u>
LIABILITIES	
Salaries and Benefits Payable	223,511
Accounts Payable	10,141
Unearned Revenue	44,740
Loan Payable	362,350
Long-term Liabilities:	
Capital Lease Payable, due within one year	1,362
Note Payable, due within one year	46,413
Note Payable, due after one year	2,082,186
TOTAL LIABILITIES	<u>2,770,703</u>
NET POSITION	
Net Investment in Capital Assets	162,416
Unrestricted	611,298
TOTAL NET POSITION	<u><u>\$ 773,714</u></u>

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

ATHENIAN ACADEMY OF TECHNOLOGY AND THE ARTS, INC.

**A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF PASCO COUNTY, FLORIDA**

**STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2020**

		Program Revenues			Net (Expenses) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
Instruction	\$ 1,598,057	\$ -	\$ 124,772	\$ -	\$ (1,473,285)
Pupil Personnel Services	230				(230)
Board	7,500				(7,500)
General Administration	244,866				(244,866)
School Administration	307,856				(307,856)
Facilities Acquisition & Construction	46,350				(46,350)
Fiscal Services	91,665				(91,665)
Food Services	18,319				(18,319)
Central Services	36,379				(36,379)
Transportation	76,960		39,991		(36,969)
Operation of Plant	435,340			229,463	(205,877)
Administrative Technology	1,168				(1,168)
Community Services	19,124	44,115			24,991
Interest and Fiscal Charges	24,779				(24,779)
Unallocated Depreciation	79,629				(79,629)
Total Governmental Activities	<u>\$ 2,988,222</u>	<u>\$ 44,115</u>	<u>\$ 164,763</u>	<u>\$ 229,463</u>	<u>(2,549,881)</u>
General Revenues:					
State Sources					2,585,928
Local and Other Revenue					83,300
Total General Revenues					<u>2,669,228</u>
Change in Net Position					119,347
Net Position - July 1, 2019					654,367
Net Position - June 30, 2020					<u>\$ 773,714</u>

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

ATHENIAN ACADEMY OF TECHNOLOGY AND THE ARTS, INC.

**A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF PASCO COUNTY, FLORIDA**

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2020

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Capital Project Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash & Cash Equivalents	\$ 1,182,328	\$ -	\$ -	\$ -	\$ 1,182,328
Accounts Receivable	3,260				3,260
Due from Other Agencies	6,345				6,345
Prepaid Expenses and Deposits	60,107				60,107
Total Assets	<u>\$ 1,252,040</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,252,040</u>
LIABILITIES					
Salaries and Benefits Payable	\$ 223,511	\$ -	\$ -	\$ -	\$ 223,511
Accounts Payable	10,141				10,141
Unearned Revenue	44,740				44,740
Loan Payable	362,350				362,350
Total Liabilities	<u>640,742</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>640,742</u>
FUND BALANCES					
Nonspendable	60,107				60,107
Unassigned	551,191				551,191
Total Fund Balances	<u>611,298</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>611,298</u>
Total Liabilities and Fund Balances	<u>\$ 1,252,040</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,252,040</u>

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

ATHENIAN ACADEMY OF TECHNOLOGY AND THE ARTS, INC.

**A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF PASCO COUNTY, FLORIDA**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION**

JUNE 30, 2020

Total Fund Balances - Governmental Funds \$ 611,298

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

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the governmental fund.

Long-term liabilities include:

Capital Leases Payable	(1,362)
Note Payable	(2,128,599)

Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and therefore, are not reported as assets in governmental funds.

2,292,377

Total Net Position - Governmental Activities

\$ 773,714

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

ATHENIAN ACADEMY OF TECHNOLOGY AND THE ARTS, INC.

**A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF PASCO COUNTY, FLORIDA**

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

For the Fiscal Year Ended June 30, 2020

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Capital Project Fund</u>	<u>Total Governmental Funds</u>
Revenues					
Intergovernmental:					
Federal Through State and Local	\$ -	\$ 124,772	\$ -	\$ -	\$ 124,772
State Sources	2,625,919			229,463	2,855,382
Local and Other Revenue	127,415				127,415
Total Revenues	<u>2,753,334</u>	<u>124,772</u>	<u>-</u>	<u>229,463</u>	<u>3,107,569</u>
Expenditures					
Current - Education:					
Instruction	1,473,285	124,772			1,598,057
Pupil Personnel Services	230				230
Board	7,500				7,500
General Administration	244,866				244,866
School Administration	307,856				307,856
Facilities Acquisition & Construction	46,350				46,350
Fiscal Services	91,665				91,665
Food Services	18,319				18,319
Central Services	36,379				36,379
Transportation	76,960				76,960
Operation of Plant	205,877			229,463	435,340
Administrative Technology	1,168				1,168
Community Services	19,124				19,124
Fixed Capital Outlay:					
Facilities Acquisition & Construction	10,852	2,095,260			2,106,112
Debt Service:					
Principal			18,605		18,605
Interest & Fiscal Charges			24,779		24,779
Total Expenditures	<u>2,540,431</u>	<u>2,220,032</u>	<u>43,384</u>	<u>229,463</u>	<u>5,033,310</u>
Excess (Deficiency) of Revenues					
Over Expenditures	<u>212,903</u>	<u>(2,095,260)</u>	<u>(43,384)</u>	<u>-</u>	<u>(1,925,741)</u>
Other Financing Sources (Uses):					
Transfers In/(Out)	(43,384)		43,384		-
Loan Proceeds	44,740	2,095,260			2,140,000
Total Other Financing Sources (Uses)	<u>1,356</u>	<u>2,095,260</u>	<u>43,384</u>		<u>2,140,000</u>
Net Change in Fund Balances	214,259	-	-	-	214,259
Fund Balances, July 1, 2019	397,039	-	-	-	397,039
Fund Balances, June 30, 2020	<u>\$ 611,298</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 611,298</u>

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

ATHENIAN ACADEMY OF TECHNOLOGY AND THE ARTS, INC.

**A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF PASCO COUNTY, FLORIDA**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
*For the Fiscal Year Ended June 30, 2020***

Net Change in Fund Balances - Governmental Funds \$ 214,259

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

Capital outlays are reported in governmental funds 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 of capital outlays (\$2,106,112) in excess of depreciation expense (\$79,629) in the current period. 2,026,483

Principal payments on long-term debt are reported as an expenditure in the Governmental Funds and a reduction to long-term debt in the Statement of Activities. 18,605

Change in Net Position - Governmental Activities \$ 119,347

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

ATHENIAN ACADEMY OF TECHNOLOGY AND THE ARTS, INC.
A Charter School and Component Unit of the District School Board of Pasco County, Florida

NOTES TO FINANCIAL STATEMENTS
June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

➤ **Reporting Entity**

Athenian Academy of Technology and the Arts, Inc., (“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 not-for-profit corporation Board of Directors, which is comprised of not less than three members.

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 District School Board of Pasco County, Florida, (“District”). The current charter is effective until June 30, 2021 is subject to annual review and may be renewed by mutual agreement between the School and the District. 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 this case, the District is required to notify the school in writing at least 90 days prior to the charter’s expiration. During the term of the charter, the District may also terminate the charter if good cause is shown. In the event of termination of the charter, the District shall assume operation of the School. The School is considered a component unit of the District; therefore, for financial reporting purposes, the School is required to follow generally accepted accounting principles applicable to state and local governmental units.

Criteria for determining if other entities are potential component units which should be reported within 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 provides 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.

➤ **Basis of Presentation**

Government-wide Financial Statements: Government-wide financial statements, including the statement of Net Position and the statement of activities, present information about the School as a whole.

Government-wide financial statements are prepared using the economic resources measurement focus. The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the School’s governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are thereby clearly identifiable to a particular function.

ATHENIAN ACADEMY OF TECHNOLOGY AND THE ARTS, INC.
A Charter School and Component Unit of the District School Board of Pasco County, Florida

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June 30, 2020

Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School.

Fund Financial Statements: Fund financial statements report detailed information about the School in the governmental funds. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is reported in a separate column. Because the focus of governmental fund financial statements differs from the focus of government-wide financial statements, a reconciliation is presented with each of the governmental fund financial statements.

The School considers all of its funds to be major governmental funds as follows:

- General Fund – to account for all financial resources not required to be accounted for in another fund, and for certain revenues from the State that are legally restricted to be expended for specific current operating purposes.
- Special Revenue Fund – to account for federal grant programs and food service operations.
- Debt Service Fund – to account for the accumulation of resources for, and the payment of, long-term debt principal and interest and related costs.
- Capital Projects Fund – to account for all resources for the acquisition of capital and related items purchased by the School with bond proceeds and capital outlay funds.

➤ **Basis of Accounting**

Basis of accounting refers to when revenues and expenditures, or expenses, are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements are prepared using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of the related cash flows. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are prepared using the modified accrual basis of accounting. Revenues, except for certain grant revenues, are recognized when they become measurable and available. Revenues are considered to be

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available when they are 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 30 days of the end of the current fiscal year. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for Federal, State, and other grant resources, revenue is recognized at the time the expenditure is made. Under the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized when due. Allocations of cost, such as depreciation, are not recognized in governmental funds.

➤ **Deposits and Investments**

The School's deposits must be placed with banks and savings and loans which are qualified as public depositories, prior to receipt of public monies, under Chapter 280, Florida statutes and the School's policy. The School maintains its cash accounts with one qualified public depository. The accounts routinely exceed the federally insured limit of \$250,000. Monies deposited in amounts greater than the insurance coverage are secured by the bank's pledging securities with the state treasurer in the collateral pool. The School has not experienced any losses in such accounts and does not believe it is exposed to any significant credit or custodial risk.

➤ **Capital Assets**

Expenditures for capital assets acquired or constructed for general School purposes are reported in the governmental fund that financed the acquisition or construction. The capital assets so acquired are reported at cost in the government-wide statement of Net Position but are not reported in the governmental fund financial statements. Capital assets are defined by the School as those costing more than \$750. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at fair value at the date of donation.

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

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Improvements	3 - 39 years
Furniture, Fixtures and Equipment	3 - 7 years

Current-year information relative to changes in capital assets is described in a subsequent note.

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➤ **Long-term Debt**

Long-term obligations that will be financed by resources to be received in the future by the general fund are reported in the government-wide financial statements, not in the general fund. Current-year information relative to changes in long-term debt is described in subsequent notes.

➤ **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(s) 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.

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(s) and so will *not* be recognized as an inflow of resources (revenue) until then. The School does not have any items that qualify for reporting in this category.

➤ **Net Position and Fund Balance Classification**

Government-wide Financial Statements

Net Position are classified and reported in three components:

- Net Investment in Capital Assets – consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any borrowings that are attributed to the acquisition or improvement of those assets.
- Restricted Net Position – consists of net position with constraints placed on their use either by external groups such as creditors, contributors, or laws or regulations of other governments.
- Unrestricted Net Position – all other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

Fund Financial Statements

GASB Codification Section 1800.142, *Fund Balance Reporting and Governmental Fund Type Definitions*, 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 reported within one of the following fund balance categories:

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NOTES TO FINANCIAL STATEMENTS

June 30, 2020

- Nonspendable – 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). All nonspendable fund balances at year end relate to assets that are in nonspendable form.
- Restricted – fund balance that can be spent only for the specific purposes stipulated by the constitution, external resource providers, or through enabling legislation.
- Committed – fund balance that can be used only for the specific purposes determined by a formal action of the School’s Board of Governance.
- Assigned – fund balance that is intended to be used by the School’s management for specific purposes but does not meet the criteria to be classified as restricted or committed.
- Unassigned – fund balance that is the residual amount for the School’s general fund and includes all spendable amounts not contained in the other classifications.

➤ **Order of Fund Balance Spending Policy**

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

➤ **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 Section 1002.33(17), Florida Statutes, the School reports the number of full-time equivalent students and related data to the District.

Under provisions of Section 1011.62, Florida Statutes, the District reports the number of full-time equivalent students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program (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 (FTE) reported by the School during

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NOTES TO FINANCIAL STATEMENTS

June 30, 2020

designated full-time equivalent student survey periods. The Department may also adjust subsequent fiscal period allocations based upon an audit of the School's compliance in determining and reporting FTE and related data. Normally, such adjustments are treated as reductions or additions of revenue in the year when the adjustments are made.

The basic amount of funding through the FEFP under Section 1011.62 is the product of the (1) unweighted FTE, multiplied by (2) the cost factor for each program, multiplies by (3) the base student allocation established by the legislature. Additional funds for exceptional students who do not have a matrix of services are provided through the guaranteed allocation designated in Section 1011.62(1)(e)2., Florida Statutes. For the fiscal year ended June 30, 2020, the School reported 363.95 unweighted and 390.2421 weighted FTE.

FEFP funding may also be adjusted as a result of subsequent FTE audits conducted by the Florida Auditor General pursuant to Section 1010.305, Florida Statutes, and Rule 6A-1.0453, Florida Administrative Code (FAC). Schools are required to maintain the following documentation for three years or until the completion of an FTE audit:

- Attendance and membership documentation (Rule 6A-1.044, FAC).
- Teacher certificates and other certification documentation (Rule 6A-1.0503, FAC).
- Documentation for instructors teaching out-of-field (Rule 6A-1.0503, FAC).
- Procedural safeguards for weighted programs (Rule 6A-6.03411, FAC).
- Evaluation and planning documents for weighted programs (Section 1010.305, Florida Statutes, and Rule 6A-6.03411, FAC).

The School receives federal or state awards for the enhancement of various educational programs. This assistance is generally received based on applications submitted to and approved by various granting agencies. For federal or state 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.

The School receives state funds through the District under charter school capital outlay funding pursuant to Section 1013.62, Florida Statutes. Funds are based upon a capital outlay plan submitted to the District and are to be used for lease, rent or construction of school facilities. The School also receives funding through donations, fundraising efforts, and local property tax collections. The School follows the policy of applying restricted resources prior to applying unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted assets are available.

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June 30, 2020

➤ **Income Tax**

The School is exempt from Federal tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been included in the accompanying financial statements. Additionally, no uncertain tax positions have been made requiring disclosure in the related note to financial statements. The School's income tax returns for the past three years are subject to examination by tax authorities and may change upon examination.

➤ **Use of Estimates**

In preparing the financial statements in conformity with generally accepted accounting principles in the United States (GAAP) management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the statement of Net Position and affect revenues and expenditures for the period presented. Actual results could differ from those estimates.

➤ **Subsequent Events**

Management has evaluated all events subsequent to the balance sheet date and through the report date, which is the date these financial statements were available to be issued. Management is currently evaluating the impact of the COVID-19 pandemic on the industry and has concluded that while it is reasonably possible that the virus could have a negative effect on the Organization's financial position, results of its operations and/or cash flows, the specific impact is not readily determinable as of the date of these financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

2. CASH DEPOSITS

Custodial Credit Risk – Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the School's deposits may not be returned to the School. The School does not have a custodial credit risk policy. All cash deposits are held in banks that qualify as public depositories under Florida law. All such deposits are insured by federal depository insurance and/or collateralized with securities held in Florida's multiple financial institution collateral pool as required by Chapter 280, Florida Statutes.

3. DUE FROM OTHER AGENCIES

The amounts Due from Other Agencies included in the accompanying statement of Net Position and balance sheet – governmental funds consists of amounts due from the Pasco County District School Board for FEFP funds. This receivable is considered to be fully collectible and as such, no allowance for uncollectibles is accrued.

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NOTES TO FINANCIAL STATEMENTS
June 30, 2020

4. CHANGES IN CAPITAL ASSETS

Changes in capital assets are presented in the table below:

	Beginning Balance	Additions	Deletions	Ending Balance
<u>GOVERNMENTAL ACTIVITIES</u>				
Capital Assets Not Being Depreciated:				
Land	\$ -	\$ 900,750	\$ -	\$ 900,750
Total Capital Assets Not Being Depreciated	-	900,750	-	900,750
Capital Assets Being Depreciated:				
Buildings & Improvements	543,834	1,205,362		1,749,196
Furniture, Fixtures and Equipment	419,339	-		419,339
Total Capital Assets Being Depreciated	963,173	1,205,362	-	2,168,535
Less Accumulated Depreciation for:				
Buildings & Improvements	(358,651)	(39,653)		(398,304)
Furniture, Fixtures and Equipment	(338,628)	(39,976)		(378,604)
Total Accumulated Depreciation	(697,279)	(79,629)	-	(776,908)
Total Capital Assets Being Depreciated, Net	265,894	1,125,733	-	1,391,627
Governmental Activities Capital Assets, Net	\$ 265,894	\$ 2,026,483	\$ -	\$ 2,292,377

All depreciation expense was shown as unallocated on the Statement of Activities.

5. LOAN PAYABLE

The School was granted a loan from Cadence Bank, N.A. June 2020 in the amount of \$362,350, pursuant to the Paycheck Protection Program (the "PPP") under Division A, Title I of the CARES Act, which was enacted March 27, 2020.

The Loan, which was in the form of a Note dated June 1, 2020, matures on June 1, 2025 and bears interest at a rate of 1% per annum, payable monthly commencing on January 1, 2021. The Note may be prepaid by the School at any time prior to maturity with no prepayment penalties. Funds from the Loan may only be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent, utilities, and interest on other debt obligations incurred before February 15, 2020. The School intends to use the entire Loan amount for qualifying expenses. Under the terms of the PPP, certain amounts of the Loan may be forgiven if they are used for qualifying expenses as described in the CARES Act.

6. CAPITAL LEASES

The School is currently leasing computer equipment under four leases with terms ranging from 36 months to 48 months at interest rates ranging from 9.39% to 14.48%. The asset value for this equipment is \$134,337. Amortization of assets recorded under these leases are included with depreciation expense in the accompanying financial statements.

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Future minimum capital lease payments and the present value of the minimum lease payments as of June 30 are as follows:

<u>Fiscal Year Ending June 30:</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 1,409	\$ 1,362	\$ 47
Total	<u>\$ 1,409</u>	<u>\$ 1,362</u>	<u>\$ 47</u>

7. NOTE PAYABLE

The School on March 20, 2020, signed a promissory note secured by a mortgage with the US Department of Agriculture Rural Housing Service for \$2,140,000 to be repaid over 30 years. The purpose of the Note was to fund the purchase of its School facility. The current repayment requirement calls for equal monthly payments of \$8,808 for principal and interest until maturity over the next 360 months at an interest rate of 2.75 percent.

The annual requirements amortize the note payable outstanding at June 30, 2020, is as follows:

<u>Fiscal Year Ending June 30:</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 105,696	\$ 46,413	\$ 59,283
2022	105,696	47,735	57,961
2023	105,696	49,096	56,600
2024	105,696	50,495	55,201
2025	105,696	51,934	53,762
2026-2030	528,480	282,728	245,752
2031-2035	528,480	325,373	203,107
2036-2040	528,480	374,451	154,029
2041-2045	528,480	430,931	97,549
2046-2050	502,056	469,443	32,613
Total	<u>\$ 3,144,456</u>	<u>\$ 2,128,599</u>	<u>\$ 1,015,857</u>

8. CHANGES IN LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>	<u>Due in One Year</u>
GOVERNMENTAL ACTIVITIES:					
Notes Payable	\$ -	\$ 2,140,000	\$ (11,401)	\$ 2,128,599	\$ 46,413
Capital Leases Payable	8,566	-	(7,204)	1,362	1,362
Total Governmental Activities	<u>\$ 8,566</u>	<u>\$ 2,140,000</u>	<u>\$ (18,605)</u>	<u>\$ 2,129,961</u>	<u>\$ 47,775</u>

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NOTES TO FINANCIAL STATEMENTS
June 30, 2020

9. SCHEDULE OF STATE REVENUE SOURCES

The following is a schedule of the School’s State revenue:

Source	Amount
Florida Education Finance Program	\$ 1,609,106
Class Size Reduction	441,978
Charter School Capital Outlay	229,463
Discretionary Local Effort	109,364
Supplementary Academic Instruction	97,997
Discretionary Millage	89,089
ESE Guarantee	40,811
Transportation	39,991
Capital Outlay Admin.	38,109
School Recognition	36,006
FL Best & Brightest Scholarship Program	34,500
Instructional Materials	29,269
Safe Schools	19,772
Reading Allocation	15,393
Mental Health Allocation	9,304
FL Teachers Classroom Supply Assistance	7,126
Miscellaneous	6,314
Digital Classrooms	1,434
Discretionary Lottery	356
Total State Revenue	2,855,382

As provided in the charter school contract, the District has charged the School an administrative fee totaling \$86,985.

10. INTERFUND TRANSFERS

The School’s General Fund transferred \$43,384 to the Debt Service for the payment of long-term debt. These amounts of interfund transfers are netted together and not reported in the statement of activities.

11. FACILITY LEASE

The School leased its educational facility under a non-cancelable operating lease beginning June 1, 2006. The lease has been amended over the years and an addendum was made to extend the lease through March 2020. The lease was terminated when the School phased the facility in March 2020. Total rent expense charged to operations for the year ended June 30, 2020 totaled \$132,634.

ATHENIAN ACADEMY OF TECHNOLOGY AND THE ARTS, INC.
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NOTES TO FINANCIAL STATEMENTS
June 30, 2020

12. RISK MANAGEMENT PROGRAMS

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the School carries commercial insurance. There have been no significant reductions in insurance coverage and settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

13. AGREEMENT WITH MANAGEMENT COMPANY

Effective July 1, 2010 the School renewed the management agreement with Link-Up, Inc. Similar to the prior agreement, Link-Up, Inc. shall provide administrative and consultant services to the School and to the Board of Directors in the areas of finance, administration, academic operations, and human resources. Link-Up, Inc. reports directly to the Board of Directors. The renewed contract period with Link-Up, Inc. is extended through June 30, 2021. The agreement requires the School to pay Link-Up, Inc. an annual management fee for each academic year during the term of the agreement, in an amount equal to 8.5 percent of the gross receipts of State revenues. Management fees for the year ended June 30, 2020 amounted to \$244,866 for the services provided.

14. COMMITMENTS AND CONTINGENT LIABILITIES

The School participates in state grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies, therefore, to the extent that the School has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivables at June 30, 2020, may be impaired.

In the opinion of the School, there are no significant liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

15. FUNDING AND CREDIT CONCENTRATIONS

The School receives substantially all of its support and revenue from federal, state and local funding sources, passed through the District, in the form of performance and budget based contracts. Continuing operation of the School is greatly dependent upon the continued support of these governmental agencies.

16. LEGAL MATTERS

In the normal course of conducting its operations, the School occasionally becomes party to various legal actions and proceedings. In the opinion of management, the ultimate resolution of such legal matters will not have a significant adverse effect on the accompanying financial statements.

ATHENIAN ACADEMY OF TECHNOLOGY AND THE ARTS, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF THE DISTRICT SCHOOL BOARD OF PASCO COUNTY, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND & MAJOR SPECIAL REVENUE FUND - (Unaudited)
For the Fiscal Year Ended June 30, 2020

	General Fund				Major Special Revenue Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget - Favorable (Unfavorable)	Original Budget	Final Budget	Actual	Variance with Final Budget - Favorable (Unfavorable)
Revenues:								
Intergovernmental:								
Federal Through State and Local	\$ -	\$ -	\$ -	\$ -	\$ 136,401	\$ 124,772	\$ 124,772	\$ -
State Sources	2,525,221	2,625,919	2,625,919	-	-	-	-	-
Local and Other Revenue	155,372	127,415	127,415	-	-	-	-	-
Total Revenues	<u>2,680,593</u>	<u>2,753,334</u>	<u>2,753,334</u>	<u>-</u>	<u>136,401</u>	<u>124,772</u>	<u>124,772</u>	<u>-</u>
Expenditures:								
Current - Education:								
Instruction	1,336,881	1,473,285	1,473,285	-	136,401	124,772	124,772	-
Pupil Personnel Services	30,979	230	230	-	-	-	-	-
Board	24,594	7,500	7,500	-	-	-	-	-
General Administration	231,804	244,866	244,866	-	-	-	-	-
School Administration	327,504	307,856	307,856	-	-	-	-	-
Facilities Acquisition & Construction	30,000	46,350	46,350	-	-	-	-	-
Fiscal Services	90,261	91,665	91,665	-	-	-	-	-
Food Services	22,202	18,319	18,319	-	-	-	-	-
Central Services	35,076	36,379	36,379	-	-	-	-	-
Transportation	75,252	76,960	76,960	-	-	-	-	-
Operation of Plant	235,170	205,877	205,877	-	-	-	-	-
Administrative Technology	3,956	1,168	1,168	-	-	-	-	-
Community Services	31,914	19,124	19,124	-	-	-	-	-
Fixed Capital Outlay:								
Facilities Acquisition & Construction	-	10,852	10,852	-	-	2,095,260	2,095,260	-
Total Expenditures	<u>2,475,593</u>	<u>2,540,431</u>	<u>2,540,431</u>	<u>-</u>	<u>136,401</u>	<u>2,220,032</u>	<u>2,220,032</u>	<u>-</u>
Excess (Deficiency) of Revenues								
Over Expenditures	205,000	212,903	212,903	-	-	(2,095,260)	(2,095,260)	-
Other Financing Sources (Uses):								
Transfers In/(Out)	(49,848)	(43,384)	(43,384)	-	-	-	-	-
Loan Proceeds	-	44,740	44,740	-	-	2,095,260	2,095,260	-
Total Other Financing Sources (Uses)	<u>(49,848)</u>	<u>1,356</u>	<u>1,356</u>	<u>-</u>	<u>-</u>	<u>2,095,260</u>	<u>2,095,260</u>	<u>-</u>
Net Change in Fund Balances	155,152	214,259	214,259	-	-	-	-	-
Fund Balances, July 1, 2019	397,039	397,039	397,039	-	-	-	-	-
Fund Balances, June 30, 2020	<u>\$ 552,191</u>	<u>\$ 611,298</u>	<u>\$ 611,298</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Independent Auditor's Report.

ATHENIAN ACADEMY OF TECHNOLOGY AND THE ARTS, INC.
A Charter School and Component Unit of the District School Board of Pasco County, Florida

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2020

1. BUDGETARY BASIS OF ACCOUNTING

Budgets are presented on the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the object level (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). Budgets may be amended by resolution at any Board meeting prior to the date for the annual report.

ATHENIAN ACADEMY OF TECHNOLOGY AND THE ARTS, INC.
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DISTRICT SCHOOL BOARD OF PASCO COUNTY, FLORIDA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2020

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Pass - Through Grantor Number	Amount of Expenditures
United States Department of Agriculture:			
Community Facilities Loans and Grants	10.766	NA	\$ 2,095,260
Total United States Department of Agriculture			<u>2,095,260</u>
United States Department of Education:			
Pasco County District School Board:			
Title I Grants to Local Education Agencies	84.010	NA	118,641
Special Education Grants to States (IDEA)	84.027	262	6,131
Total United States Department of Education			<u>124,772</u>
Total Expenditures of Federal Awards			<u>\$ 2,220,032</u>

See Independent Auditor's Report.

ATHENIAN ACADEMY OF TECHNOLOGY AND THE ARTS, INC.
A Charter School and Component Unit of the District School Board of Pasco County, Florida
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 2000.510(B)(6)

June 30, 2020

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the School under programs of the federal government for the year ended June 30, 2020. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The School has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.



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**Independent Auditor's Report on Internal Control Over Financial Reporting and
Compliance and Other Matters Based on an Audit of Financial Statements Performed
in Accordance with *Government Auditing Standards***

To the Board of Directors of the Athenian Academy of Technology and the Arts, Inc.
a Charter School and Component Unit of the
District School Board of Pasco County, 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, each major fund, and the aggregate remaining fund information of Athenian Academy of Technology and the Arts, Inc. ("School"), a charter school and component unit of the District School Board of Pasco County, Florida, as of and for the year ended June 30, 2020, 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 20, 2020.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or 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 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 School's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

A handwritten signature in black ink that reads "King & Walker, CPAs". The signature is written in a cursive, professional style.

August 20, 2020
Tampa, Florida



Members:
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Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance

To the Board of Directors of The Athenian Academy of Technology and the Arts, Inc.
a Charter School and Component Unit of the
District School Board of Pasco County, Florida

Report on Compliance for Each Major Federal Program

We have audited The Athenian Academy of Technology and the Arts, Inc.'s ("School") compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of the School's major federal programs for the fiscal year ended June 30, 2020. The School's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the School's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the School's compliance.

Opinion on Each Major Federal Program

In our opinion, the School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of the School is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School's internal control over compliance with requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow managements or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,

Handwritten signature in black ink that reads "King & Walker, CPAs". The signature is written in a cursive, flowing style.

August 20, 2020
Tampa, Florida

ATHENIAN ACADEMY OF TECHNOLOGY AND THE ARTS, INC.
A Charter School and Component Unit of the District School Board of Pasco County, Florida

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

TITLE 2 U.S. CODE OF FEDERAL REGULATIONS PART 200

June 30, 2020

Section I - SUMMARY OF AUDIT RESULTS

As required by Title 2 U.S. Code of Federal Regulations Section 200.515, the following is a summary of the results of the audit of The Athenian Academy of Technology and the Arts, Inc. for the fiscal year ended June 30, 2020:

Financial Statements	Results
Type of Financial Statement Opinion	Unmodified
Internal Control Over Financial Reporting:	
Material weakness identified?	No
Significant deficiency identified that is not considered to be a material weakness?	None reported.
Noncompliance material to financial statements noted?	No
Federal Awards	
Internal control over major program:	
Material weakness identified?	No
Significant deficiency identified that is not considered to be a material weakness?	None reported.
Type of auditor's report issued on compliance for major program?	Unmodified
Any audit findings disclosed that are required to be reported under 2 CFR Section 200.516(a)?	No
Identification of major program:	Community Facilities Loans and Grants - CFDA No. 10.766
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

Section II – FINANCIAL STATEMENT FINDINGS

No matters were reported.

Section III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

Section IV– STATUS OF PRIOR YEAR FINDINGS

ATHENIAN ACADEMY OF TECHNOLOGY AND THE ARTS, INC.
A Charter School and Component Unit of the District School Board of Pasco County, Florida

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

TITLE 2 U.S. CODE OF FEDERAL REGULATIONS PART 200

June 30, 2020

No matters were reported.



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**Management Letter as Required by Rules of the Florida Auditor General,
Chapter 10.850, Florida Statutes, *Charter School Audits***

To the Board of Directors of the Athenian Academy of Technology and the Arts, Inc.
a Charter School and Component Unit of the
District School Board of Pasco County, Florida

Report on the Financial Statements

We have audited the financial statements of the Athenian Academy of Technology and the Arts, Inc. ("School"), a Charter School and Component Unit of the District School Board of Pasco County, Florida, as of and for the fiscal year ended June 30, 2020, and have issued our report thereon dated August 20, 2020.

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 and Chapter 10.850, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditor's 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*, independent auditor's report on compliance for each major federal program and report on internal control over compliance, and schedule of findings and questioned costs. Disclosures in those reports and schedule, which are dated August 20, 2020, 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 prior audit findings or recommendations.

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 and the school code assigned by the Florida Department of Education of the entity are Athenian Academy of Technology and the Arts, 514321.

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 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)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Section 10.854(1)(e)4., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have 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 District School Board of Pasco County, Florida and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

Handwritten signature in black ink that reads "King & Walker, CPAs". The signature is written in a cursive style.

August 20, 2020
Tampa, Florida