

Belmont Academy, Inc.

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

Financial Statements
and
Independent Auditor's Reports

June 30, 2020

Reddish and White
Certified Public Accountants

	<u>Page</u>
Independent Auditor’s Report	1 - 3
Required Supplementary Information	
Management’s Discussion and Analysis (MD&A)	4 - 9
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Position	10
Statement of Activities	11
Governmental Fund Financial Statements:	
Balance Sheet	12
Reconciliation of the Balance Sheet to Statement of Net Position	13
Statement of Revenues, Expenditures and Changes in Fund Balance	14
Reconciliation of the Statement of Revenues, Expenditures, and Changes In Fund Balance to the Statement of Activities	15
Statement of Fiduciary Net Position – Fiduciary Funds	16
Statement of Changes in Fiduciary Net Position	17
Notes to Financial Statements	18 – 30
Supplemental Schedules – Required Supplementary Information	
General Fund - Budgetary Comparison Schedule (unaudited)	31
Special Revenue Fund – Budgetary Comparison Schedule (unaudited)	32
Capital Projects Fund – Budgetary Comparison Schedule (unaudited)	33
Additional Elements Required by the Rules of the Auditor General and Government Auditing Standards	
Management Letter	34 - 36
Independent Auditor’s Report on Internal Control Over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	37 - 38
Communication with Those Charged with Governance	39 - 41

REDDISH & WHITE

CERTIFIED PUBLIC ACCOUNTANTS

P.O Box 307 • 134 East Call Street • Starke, Florida 32091
Phone (904) 964-7555 • Fax (904) 964-3887
www.reddishandwhite.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Belmont Academy, Inc.

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 Belmont Academy, Inc. (the "School"), a charter school and component unit of the Columbia County District School Board, 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 *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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion

on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School, as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 - 9 and the budgetary comparison information on pages 31 - 33 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 assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 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 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 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.

Reddish + White CPA'S

Starke, Florida
September 25, 2020

Belmont Academy, Inc.

Management's Discussion and Analysis
For the Year Ended June 30, 2020

Within this section of Belmont Academy, Inc.'s (the "School") annual financial report, the School's management provides narrative discussion and analysis of the financial activities of the School for the fiscal year ended June 30, 2020. Please read it in conjunction with the School's financial statements which begin on page 10.

Financial Highlights

- As of June 30, 2020, the assets of the School exceeded its liabilities by \$1,454,595 (net position).
- For the year, the School had expenses that were \$253,966 less than the \$4,437,842 generated in revenues.
- Unrestricted net position of \$663,260 represents the portion available to maintain the School's continuing obligations to its District.

Overview of the Financial Statements

Management's Discussion and Analysis introduces the School's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The School also includes in this report additional information to supplement the basic financial statements.

Government-wide Financial Statements

The School's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the School's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The first of these government-wide statements is the Statement of Net Position. This is the School-wide statement of financial position presenting information that includes all of the School's assets and liabilities, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School as a whole is improving or deteriorating.

The second government-wide statement is the Statement of Activities which reports how the School's net position changed during the current fiscal year. All current year revenues and expenditures are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the School's distinct activities or functions on revenues provided by the District.

The government-wide financial statements are divided into three categories: 1) governmental activities, 2) business-type activities, and 3) component units. The governmental activities include the School's basic services. The business-type activities are those that the School charges for certain services. For the year ended June 30, 2020, the School had no business-type activities or component units.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The School uses funds (and/or separate bank accounts) to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the School's most significant funds rather than the School as a whole. Major funds are required to be separately reported while all others are combined into a single, aggregated presentation. Presently, the School has three governmental funds and one fiduciary fund that encompass the entire operations of the School's operations.

Governmental Funds

All of the School's basic services are reported in three governmental funds; the General Fund, the Special Revenue Fund, and the Capital Outlay Fund. The General Fund is the School's primary operating fund, the Special Revenue Fund is to account for all federal grant revenues, and the Capital Outlay Fund is to account for the acquisition of capital items purchased with capital outlay funds. These funds are reported using the modified accrual method of accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the School's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School's programs.

Since the government-wide focus includes the long-term view, comparisons between the two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund

balances provide reconciliations to the government-wide statements to assist in understanding the differences between these two perspectives.

The School adopts an annual budget for its general fund, special revenue fund, and capital outlay fund as required by the Florida Statutes. The budget is legally adopted by management of the School and its Board. Budgetary comparison schedules have been included as part of the required supplementary information. The budgetary comparison schedules show four columns: 1) the original budget as adopted by the Board, 2) the final budget as amended by the Board, 3) the actual resources, charges and ending balances, and 4) the variance between the final budget and the actual resources and charges.

Fiduciary Funds

Fiduciary funds are used to report assets held in a trustee or fiduciary capacity for the benefit of external parties, such as student activity funds. Fiduciary funds are not reflected in the government-wide statements because the resources are not available to support the School's own programs. In its fiduciary capacity, the School is responsible for ensuring that the assets reported in these funds are used only for their intended purposes.

The School uses agency funds to account for resources held for student activities and groups.

Notes to the Financial Statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin immediately following the basic financial statements.

Financial Analysis of the School as a Whole

The School's combined net position as of June 30, 2020 and 2019 is summarized as follows:

Summary of Net Position

	<u>Governmental Activities</u>	
	<u>2020</u>	<u>2019</u>
Assets		
Current assets	\$893,280	\$580,453
Capital assets	3,763,135	3,679,292
Total assets	<u>4,656,415</u>	<u>4,259,745</u>
Liabilities		
Current liabilities	479,144	312,061
Long-term liabilities	<u>2,722,676</u>	<u>2,747,055</u>
Total liabilities	<u>3,201,820</u>	<u>3,059,116</u>
Net position		
Investment in capital assets, net of related debt	706,900	635,840
Restricted	84,435	8,522
Unrestricted	<u>663,260</u>	<u>556,267</u>
Total net position	<u>\$1,454,595</u>	<u>\$1,200,629</u>

The School maintains a high current ratio. The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations.

Note that 49% of the School's net position is classified as capital assets. The School uses these capital assets to provide services to its students.

The following is a summary of the School's change in net position for the years ended June 30, 2020 and 2019.

Summary of Changes in Net Position

	<u>Governmental Activities</u>	
	<u>2020</u>	<u>2019</u>
Revenues:		
Florida education finance program	\$3,761,961	\$3,327,534
Federal	19,412	0
Federal through state	151,605	187,397
Gifts and donations	7,848	2,741
Other state revenue	407,246	408,614
Other local revenue	84,976	0
Interest	4,794	60,232
Total revenues	<u>4,437,842</u>	<u>3,986,518</u>
Program Expenses:		
Instructional services	2,252,931	2,315,161
Instructional support services	204,903	138,647
General support services	1,530,714	1,513,171
Administrative technology services	11,770	9,877
Community services	18,629	0
Debt service - interest	164,929	0
Total expenses	<u>4,183,876</u>	<u>3,976,856</u>
Excess (deficiency)	253,966	9,662
Beginning net position	<u>1,200,629</u>	<u>1,190,967</u>
Ending net position	<u><u>\$1,454,595</u></u>	<u><u>\$1,200,629</u></u>

Financial Analysis of the School's General Fund

The general fund is reported in the fund financial statements with a short-term, inflow and outflow of spendable resource focus. This information may be useful in assessing resources available at the end of the year in comparison with upcoming financial requirements. At June 30, 2020, the general fund reported unassigned fund balance of \$663,260. This is unreserved indicating availability for continuing School service requirements.

General Fund Budgetary Highlights

The school realized 99% of its total budgeted revenues and expended 98% of its budgeted expenditures. The board of directors monitors the budget on a monthly basis making any necessary amendments for available funds or additional expenditures.

Capital Asset and Debt Administration

For the fiscal year 2020, the School invested approximately \$243,000 in capital assets, primarily for Operation of Plant for main building and cafeteria renovations, school expansion projects, fencing and pavement projects, and an intercom system.

A \$67,000 note payable was issued to the School for security gates and fencing. See note 5 to the financial statements for additional information.

The School continues to make the scheduled payments on the note payable outstanding collateralized by the School facility and land. See note 5 to the financial statements for additional information.

Economic Environment and Next Year's Budgets and Rates

The School has received an "A" rating from the Florida Department of Education each year, since its first academic school year ending in 2014.

The budgeted revenues for the year ended June 30, 2021 are approximately \$13,204,378 more than the actual 2020 revenue amounts. This increase is primarily due to the School's bond issuance and an anticipated increase in Florida Education Finance Program funds.

Budgeted expenditures for the year ended June 30, 2021 are approximately \$12,379,490 more than the actual 2020 total expenditures. The increase is primarily due an anticipated facilities acquisition and construction.

Contacting the School's Financial Management

This financial report is designed to provide interested parties with a general overview of the School's finances and to demonstrate the School's accountability for the money it receives. Should additional information be required, please Contact the School's administrative offices at 1476 SW Walter Avenue Lake City, Florida 32024, (386) 487-0487.

Belmont Academy, Inc.

Statement of Net Position

June 30, 2020

ASSETS

Current Assets

Cash and cash equivalents	\$772,328
Investment in Time Certificate of Deposit	68,346
Accounts receivable	47,606
Deposits	5,000

Total Current Assets 893,280

Non-Current Assets

Capital assets not depreciated	
Construction in progress	152,732
Land	147,000
Other capital assets depreciated, net	
Buildings and fixed equipment	3,155,303
Improvements other than buildings	288,513
Furniture, fixtures, and equipment	19,587

Total Non-Current Assets 3,763,135

TOTAL ASSETS \$4,656,415

LIABILITIES

Current Liabilities

Accounts payable	\$99,742
Accrued payroll, taxes, and benefits	11,513
Other liabilities	34,330
Interest payable	12,180
Notes payable, current portion	321,379

Total current liabilities 479,144

Long-term Liabilities

Notes payable, net of current portion	<u>2,722,676</u>
---------------------------------------	------------------

Total long-term liabilities 2,722,676

TOTAL LIABILITIES 3,201,820

NET POSITION

Investment in capital assets, net of related debt	706,900
Restricted	84,435
Unrestricted	<u>663,260</u>

TOTAL NET POSITION 1,454,595

TOTAL LIABILITIES AND NET POSITION \$4,656,415

See accompanying notes to the financial statements.

Belmont Academy, Inc.

Statement of Activities
For the year ended June 30, 2020

FUNCTIONS / PROGRAMS	EXPENSES	PROGRAM REVENUES			NET REVENUE (EXPENSE)
		FEES, FINES AND CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	
Government Activities:					
Instructional services	\$2,252,931		\$1,473	\$0	(\$2,251,458)
Instructional support services	\$204,903				(204,903)
General support services:					
Board	39,951				(39,951)
School administration	598,076		1,959		(596,117)
Facilities acquisition and construction	0			280,846	280,846
Fiscal services	29,420				(29,420)
Food services	133,317				(133,317)
Central services	22,982				(22,982)
Operation of plant	706,968		17,453		(689,515)
Administrative technology services	11,770				(11,770)
Community services	18,629	23,075			4,446
Debt service - interest	164,929				(164,929)
Total Governmental Activities	<u>\$4,183,876</u>	<u>\$23,075</u>	<u>\$20,885</u>	<u>\$280,846</u>	<u>(\$3,859,070)</u>

	Primary Government	
	Governmental Activities	Total
Change in net assets:		
Net revenue (expense)	<u>(\$3,859,070)</u>	<u>(\$3,859,070)</u>
General Revenues:		
Florida education finance program	3,761,961	3,761,961
Federal through state	151,605	151,605
Other state revenue	132,775	132,775
Other local revenue	61,901	61,901
Interest	4,794	4,794
Total General Revenues	<u>4,113,036</u>	<u>4,113,036</u>
Change in Net Position	253,966	253,966
Net Position, Beginning of Year	<u>1,200,629</u>	<u>1,200,629</u>
Net Position, End of Year	<u><u>\$1,454,595</u></u>	<u><u>\$1,454,595</u></u>

See accompanying notes to the financial statements.

Belmont Academy, Inc.Balance Sheet - Governmental Funds
June 30, 2020

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
ASSETS				
Current Assets				
Cash and cash equivalents	\$687,906	\$0	\$84,422	\$772,328
Investment in Time Certificate of Deposit	68,346	0	0	68,346
Accounts receivable	47,606	0	0	47,606
Deposits	5,000	0	0	5,000
Total Current Assets	808,858	0	84,422	893,280
TOTAL ASSETS	\$808,858	\$0	\$84,422	893,280
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Current Liabilities				
Accounts payable	\$99,742	\$0	\$0	\$99,742
Accrued payroll, taxes, and benefits	11,513	0	0	11,513
Other liabilities	34,330	0	0	34,330
Interest payable	12,180	0	0	12,180
Total Current Liabilities	157,765	0	0	157,765
TOTAL LIABILITIES	157,765	0	0	157,765
FUND BALANCES				
Nonspendable	5,000	0	0	5,000
Restricted	17,435	0	67,000	84,435
Assigned	0	0	17,422	17,422
Unassigned	628,658	0	0	628,658
TOTAL FUND BALANCES	651,093	0	84,422	735,515
TOTAL LIABILITIES AND FUND BALANCES	\$808,858	\$0	\$84,422	893,280

See accompanying notes to the financial statements.

Belmont Academy, Inc.

Reconciliation of the Balance Sheet of
Governmental Funds to the Statement of Net Position
June 30, 2020

Total Fund Balance - Total Governmental Funds \$735,515

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

Capital assets used in governmental activities are not
financial resources and, therefore, are not reported as
assets in the governmental fund. The cost of the capital
assets are \$4,384,963 and the accumulated depreciation
is \$621,828 3,763,135

The acquisition of the facility, land, and improvements through
notes payable provides current financial resources to
governmental funds, while the repayment of the notes
consumes current financial resources. This
amount is the effect of these differences in the
treatment of notes payable. (3,044,055)

Net Position of Governmental Activities \$1,454,595

See accompanying notes to the financial statements.

Belmont Academy, Inc.

Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds
For the year ended June 30, 2020

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
REVENUES				
Florida education finance program	\$3,761,961	\$0	\$0	\$3,761,961
Federal	0	19,412	0	19,412
Federal through state	0	151,605	0	151,605
Contributions	7,848	0	0	7,848
Other state revenue	132,775	0	274,471	407,246
Other local revenue	78,797	0	0	78,797
Interest	3,448	0	1,346	4,794
TOTAL REVENUES	<u>3,984,829</u>	<u>171,017</u>	<u>275,817</u>	<u>4,431,663</u>
EXPENDITURES				
Current:				
Instructional services	2,241,676	1,813	0	2,243,489
Instructional support services	188,428	16,475	0	204,903
General support services				
Board	39,951	0	0	39,951
School administration	595,875	1,958	0	597,833
Fiscal services	29,420	0	0	29,420
Food services	0	133,317	0	133,317
Central services	22,982	0	0	22,982
Operation of plant	538,756	17,454	0	556,210
Administrative technology services	11,770	0	0	11,770
Community services	18,629	0	0	18,629
Capital Outlay:				
Instructional services	856	0	0	856
General support services				
Facilities acquisition and construction	0	0	243,430	243,430
Debt service	216,362	0	14,965	231,327
TOTAL EXPENDITURES	<u>3,904,705</u>	<u>171,017</u>	<u>258,395</u>	<u>4,334,117</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	80,124	0	17,422	97,546
OTHER FINANCING SOURCES				
Insurance proceeds	6,180	0	0	6,180
Loan proceeds	0	0	67,000	67,000
TOTAL OTHER FINANCING SOURCES	<u>6,180</u>	<u>0</u>	<u>67,000</u>	<u>73,180</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	86,304	0	84,422	170,726
FUND BALANCE, BEGINNING OF YEAR	<u>564,789</u>	<u>0</u>	<u>0</u>	<u>564,789</u>
FUND BALANCE, END OF YEAR	<u>\$651,093</u>	<u>\$0</u>	<u>\$84,422</u>	<u>\$735,515</u>

See accompanying notes to the financial statements.

Belmont Academy, Inc.

Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2020

Net change in Fund Balances - Total Governmental Funds \$170,726

Governmental funds report capital outlays as expenditures.
However, in the statement of activities, the cost of those
assets is depreciated over their useful lives and reported
as depreciation expense. This is the amount by which
capital outlays (\$243,430) exceeds depreciation
(\$159,587) in the current period.

83,843

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

66,397

The construction of capital assets through a promissory note provides
resources to governmental funds, while the repayment of
the promissory note consumes current financial resources.
This amount is the effect of these differences in the
treatment of the promissory note.

(67,000)

Change in Net Position of governmental activities

\$253,966

See accompanying notes to the financial statements.

Belmont Academy, Inc. Internal Accounts

Statement of Fiduciary Net Position - Agency Fund
June 30, 2020

Assets	
Cash and Cash Equivalents	<u>\$41,101</u>
Total Assets	<u><u>\$41,101</u></u>
Liabilities and Net Position	
Liabilities	
Event Refunds Payable	<u>90</u>
Total Liabilities	<u>90</u>
Net Position	
Fiduciary Net Position - Held for Others	<u>41,011</u>
Total Net Position	<u>41,011</u>
Total Liabilities and Net Position	<u><u>\$41,101</u></u>

See accompanying notes to the financial statements.

Belmont Academy, Inc. Internal Accounts

Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2020

Additions	\$39,959
Deductions	
Program Expenses	<u>(36,311)</u>
Change in Net Position	<u>3,648</u>
Fiduciary Net Position, Beginning of Year, restated	<u>37,363</u>
Fiduciary Net Position, End of of Year	<u><u>\$41,011</u></u>

See accompanying notes to the financial statements.

BELMONT ACADEMY, INC.

Notes to the Financial Statements
For the Year Ended June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General Statement

Belmont Academy, Inc (the “School”) is a not-for-profit corporation that operates under a charter approved by the sponsoring district, the District School Board of Columbia County Florida (the “District”). The governing body of the School is the not-for-profit corporation’s Board of Directors, which is composed of seven members.

The School’s financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies used by the School are discussed below.

Financial Reporting Entity

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring District. The current charter is effective until July 31, 2032. 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), 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 and meets the definition of a governmental entity under the Governmental Accounting Standards Board (GASB) accounting guidance. 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 of the School which should be reported with the School’s basic financial statements are identified and described in the 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation

The School's basic financial statements include both government-wide (reporting the School as a whole) and fund financial statements (reporting the School's major funds). The School is required by its agreement with the Sponsor to use the governmental reporting model and follow the fund and accounting structure provided in the "Financial and Program Cost Accounting and Reporting for Florida Schools – The Red Book" issued by the FDOE.

Basic Financial Statements – Government-wide Statements

The government-wide financial statements provide both short-term and long-term information about the School in a manner similar to those of private-sector business. The Statement of Net Position and Statement of Activities are designed to provide financial information as a whole about the School on an accrual basis of accounting. The Statement of Net Position provides information about the School's financial position, its assets and liabilities, using an economic resource measurement focus. The Statement of Activities present a comparison between direct expenses and program revenue for each function or program of the School's governmental activities. Direct expenses are those that are specifically associated with a program or function, therefore, are clearly identifiable to a particular function.

Program revenues include charges paid by the recipient for goods and services offered by the program, grants, and contributions restricted for meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenue.

Governmental funds and fiduciary fund financial statements are excluded from the government-wide financial statements.

Basic Financial Statements - Fund Financial Statements

The governmental fund financial statements report detailed information about the School's most significant funds, not the School as a whole. A fund is a group of related accounts used to maintain control over resources segregated for specific activities or objectives. The School uses fund accounting to ensure and demonstrate compliance with finance related requirements. Certain funds are established by law while others are created by grant agreements.

The School currently has three governmental funds and one fiduciary fund for reporting purposes.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental Funds

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

The Special Revenue Fund is to account for all federal grant revenues passed through the School's District.

The Capital Outlay Fund is to account for all resources that are restricted, committed, or assigned to expenditures for the acquisition of capital items by the School purchased with capital outlay funds.

For purposes of this report, the general, special revenue, and capital outlay funds are considered major funds. There are no other governmental funds.

Fiduciary Fund

The Agency Fund is to account for resources of the school internal funds, which are used to administer moneys collected in connection with the school's student athletics, class activities, and club activities.

Measurement Focus and Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied.

The government activities in the government-wide financial statements are reported using the economic resources measurement focus and on the accrual basis of accounting. Under the accrual method of accounting, revenues are recognized when earned and expenses are recognized when incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The School considers revenues to be available if collected within 60 days of the end of the current fiscal year. Expenditures

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

are recorded when the related fund liability is incurred. However, long-term debt service expenditures are recorded only when payment is due.

General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

The fiduciary fund is reported using the economic resources measurement focus and the accrual basis of accounting.

Budgetary Basis of Accounting

Budgets are prepared using the modified accrual basis of accounting. The governing board must approve all budgets and amendments. The fund total is considered the legal level of control. Appropriations lapse at year end. Budgets may be amended by resolution of the Board prior to the date of the annual report for any cost overrun in the different departments.

Cash and Cash Equivalents, and Investments

The School's cash and cash equivalents consist of demand deposits held in two qualified public depositories. The school considers investments in time certificates of deposit with an original maturity of three months or less to be cash equivalents. Investments consist of time certificates of deposit with an original maturity greater than three months.

At times, such deposits may exceed the federally insured limit. 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, pursuant to Chapter 280, Florida Statutes.

The School has not experienced any losses in such accounts and does not believe it is exposed to any significant risk. As of June 30, 2020, the cash balances in the General Fund, Fiduciary Fund, and Capital Projects Fund totaled \$756,252, \$41,101, and \$84,422 respectively.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets

Capital assets, which include property, plant, equipment, and furniture, are reported in the government-wide financial statements. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals or betterments are capitalized. Capital assets are defined by the School as assets with an initial, individual cost of \$1,000 or more and an estimated useful life in excess of one year.

Depreciation has been calculated on each class of property using the straight-line method over the following estimated useful lives:

Asset	Years
Furniture, Fixtures, and Equipment	5 – 7
Improvements other than buildings	15 – 30
Buildings and Fixed Equipment	15 – 30

Net Position and Fund Balance Classifications

Government-wide Financial Statements

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

- Investment in capital assets, net of related debt – consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, leases, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted net position – consists of net asset position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- Unrestricted net position – consist of all other net positions that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Financial Statements

GASB statement No. 54 requires fund balance classifications in the following hierarchy:

- Nonspendable fund balance – this classification represents amounts for inventory, prepaid expenses, deposits, property held for resale, and long term notes receivable. As of June 30, 2020, the nonspendable fund balance was \$5,000.
- Restricted fund balance – this classification represents amounts restricted to specific purposes that are either *externally imposed by creditors, grantors, or laws and regulations of other governments; or imposed by law through constitutional provisions or enabling legislation*. This definition is the same as the definition of restricted net assets used in government-wide financial reporting. As of June 30, 2020, the restricted fund balance \$84,435 consisted mainly of funds restricted for the school gate and fencing project, and school playground.
- Committed fund balance – this classification represents amounts restricted for specific purposes by formal action of the School's highest level of decision-making authority (i.e. ordinance).
- Assigned fund balance – this classification represents amounts constrained by the School's intent to be used for specific purposes, but are neither restricted or committed (i.e. council vote or resolution). As of June 30, 2020, the assigned fund balance \$17,422 consists of funds for capital projects.
- Unassigned fund balance – This classification represents amounts that do not belong in any of the previous classifications, that is, the residual classification of the general fund.

The School's policy is to expend resources in the following order: restricted, committed, assigned, and unassigned.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Revenue Sources

Revenues for operations are received primarily from the District School Board of Columbia County, Florida pursuant to the funding provisions included in the School's

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

charter. In accordance with the funding provisions of the charter and Section 1002.33, Florida Statutes, the School reports the number of full-time equivalent (FTE) students and related data to the School District. The School Board receives a 2% administrative fee from the School, which is withheld from the respective FEFP payments.

The administrative expense is reflected as a general support services expense in the accompanying statement of activities and statement of revenues, expenditures and changes in fund balances – governmental funds. The administrative fee is calculated on the FEFP revenue up to 250 students.

Under provisions of Section 1011.62, Florida Statutes, the District reports the number of 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 reported by the School during the designated full-time equivalent student survey period. The FDOE may also adjust

subsequent fiscal period allocations based on an audit of the School's compliance in determining and reporting FTE and related data. Generally, such adjustments are treated as reductions or additions of revenues in the year when the adjustments are made.

The basic amount of funding through the FEFP under Section 1011.62 is the product of (1) the School's un-weighted FTE, multiplied by (2) the cost factor for each program, multiplied by (3) the base student allocation established by the Florida 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 2019-2020 school year, the School reported 544.14 un-weighted FTE.

NOTE 2 – Capital Assets

Capital assets activity for the year ended June 30, 2020, was as follows:

	Beginning of year <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	End of year <u>Balance</u>
Capital Assets Not Depreciated:				
Land	\$147,000	\$0	\$0	\$147,000
Construction in Progress	<u>0</u>	<u>152,732</u>	<u>0</u>	<u>152,732</u>
Total Capital Assets Not Depreciated	<u>147,000</u>	<u>152,732</u>	<u>0</u>	<u>299,732</u>
Capital Assets Depreciated:				
Furniture, Fixtures, & Equipment	118,303	0	0	118,303
Buildings and Fixed Equipment	3,638,428	7,800	0	3,646,228
Improvements Other Than Buildings	<u>237,802</u>	<u>82,898</u>	<u>0</u>	<u>320,700</u>
Total Capital Assets Depreciated	<u>3,994,533</u>	<u>90,698</u>	<u>0</u>	<u>4,085,231</u>
Less Accumulated Depreciation:				
Furniture, Fixtures, & Equipment	(88,445)	(10,271)	0	(98,716)
Buildings and Fixed Equipment	(351,022)	(139,903)	0	(490,925)
Improvements Other Than Buildings	<u>(22,774)</u>	<u>(9,413)</u>	<u>0</u>	<u>(32,187)</u>
Total Accumulated Depreciation	<u>(462,241)</u>	<u>(159,587)</u>	<u>0</u>	<u>(621,828)</u>
Total Capital Assets being Depreciated, Net	<u>3,532,292</u>	<u>(68,889)</u>	<u>0</u>	<u>3,463,403</u>
Total Capital Assets, Net	<u>\$3,679,292</u>	<u>\$83,843</u>	<u>\$0</u>	<u>\$3,763,135</u>

Depreciation expense of \$159,587 was charged as a direct expense as follows: \$8,586 to Instructional Services, \$243 to General Support Services, and \$150,758 to Operation of Plant.

NOTE 3 – RISK MANAGEMENT PROGRAM

The School has purchased insurance to limit the exposure of the following risks of loss: theft of, damage to and destruction of assets; disasters and injuries to employees. Commercial insurance has also been purchased by the School to cover the risks of loss due to employee errors or omission. Settled claims resulting from these risks have not exceeded insurance coverage.

NOTE 4 – LEASE COMMITMENTS

The School leases various modular units under three annual operating lease agreements that are renewed annually. The total rent paid for the year ended June 30, 2020 was \$205,109.

As of June 30, 2020, future minimum annual lease payments under the three operating leases is as follows:

Year ended June 30,

2020	<u>\$ 207,300</u>
Total	<u>\$ 207,300</u>

NOTE 5 – LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations for the year ended June 30, 2020:

	<u>Balance 7/1/2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 6/30/2020</u>	<u>Due Within One Year</u>
Notes Payable	<u>\$3,043,452</u>	<u>\$67,000</u>	<u>\$66,397</u>	<u>\$3,044,055</u>	<u>\$321,379</u>
Long Term Liabilities	<u>\$3,043,452</u>	<u>\$67,000</u>	<u>\$66,397</u>	<u>\$3,044,055</u>	<u>\$321,379</u>

NOTE 5 – LONG-TERM OBLIGATIONS (continued)

Notes Payable

In November 2016, the School purchased the facility and land through a \$2,970,000 note payable from a local financial institution. Terms of the note include monthly installments of \$18,054, including interest equal to 4% over the U.S. Treasury Security Five Year Rate adjusted every five years beginning November 1, 2021 (5.32% as of June 30, 2020). The note is collateralized by a first mortgage on the facility and land with a historical cost of \$3,524,052. Final payment of principle and interest is due November 1, 2041.	\$2,747,055
In June 2018, the School obtained a \$230,000 construction note payable from a local financial institution. The note is collateralized by the robotics classroom facility with a historical cost of \$232,006. Terms of the note include interest only payments at 6.4% per annum, due the twenty-fifth of each calendar month, final payment of principle and interest is due August 25, 2020.	230,000
In August 2019, the School obtained a \$67,000 note payable from a local financial institution. The note is collateralized by the School's time certificate of deposit. The proceeds of the note will be used towards the security gate and fencing project. Terms of the note include annual installments of \$24,475, including interest equal to 4.65% per annum, due August nineteenth of each calendar year. Final payment of the principle and interest was made in August 2020.	<u>67,000</u>
Total Notes Payable	\$3,044,055

NOTE 5 – LONG-TERM OBLIGATIONS (concluded)

As of June 30, 2020, the scheduled payments for the next 5 years and thereafter is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$321,379	\$163,245	\$484,624
2022	96,270	144,861	241,131
2023	101,415	139,716	241,131
2024	82,361	134,295	216,656
2025	86,919	129,737	216,656
2026-2030	512,301	570,980	1,083,281
2031-2035	670,641	412,640	1,083,281
2036-2040	877,920	205,360	1,083,280
2041-2042	<u>294,849</u>	<u>12,081</u>	<u>306,930</u>
Total	<u>\$3,044,055</u>	<u>\$1,912,915</u>	<u>\$4,956,970</u>

NOTE 6 – PENSION PLAN

The Belmont Academy Retirement Savings Plan (the “Plan”) is a 401(k) defined contribution pension plan. All eligible employees may participate in the plan. Eligibility requirements are described as, attainment of age 21 and completion of 3 consecutive months of employment.

The School currently elects to match the employees' contribution, up to 3.3% of their salary. The School made matching contributions of \$38,047 during the year ended June 30, 2020. The School has \$4,794 in outstanding contributions for the year ended June 30, 2020.

NOTE 7 – INCOME TAXES

The School is a not-for-profit corporation that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, and classified by the Internal Revenue Service as other than a private foundation.

The School files income tax returns in the U.S. federal jurisdiction. The School is no longer subject to U.S. federal income tax examinations by tax authorities for years before 2016.

The School has reviewed and evaluated for relevant technical merits of each of its tax positions in accordance with accounting principles generally accepted in the United States of America for accounting for uncertainty in income taxes, and determined that there are no uncertain tax positions that would have a material impact on the financial statements of the School.

NOTE 3 – GASB 84 NEW ACCOUNTING GUIDANCE

The Government Accounting Standards Board (GASB) issued new guidance, GASB 84, *Fiduciary Activities*, that requires that the statement of changes in fiduciary net position be included in the accompanying financial statements. The new standard also requires that amounts previously recognized as a liability, *Assets held for others*, to be classified as net position, *Fiduciary net position – held for others*.

The Internal Accounts adopted the requirements of the new guidance as of July 1, 2019. The adoption of the new standard resulted in the following change to *Fiduciary net position – held for others* as of July 1, 2019:

Fiduciary Net Position – Held for Others, as previously reported, as of July 1, 2019	\$ 0
Adjustment	<u>37,363</u>
Fiduciary Net Position – Held for Others, as adjusted, as of July 1, 2019	<u>\$37,363</u>

NOTE 8 – COMMITMENTS AND SUBSEQUENT EVENTS

In June 2020, the School began structural upgrades and renovations to the 2nd floor main building. As of June 30, 2020, uncompleted contract commitments included \$217,597 and \$1,738,733 for the upgrades and renovations, respectively.

As of June 30, 2020, the School had outstanding uncompleted commitments for the new school growth and facility expansion project that includes, \$61,750 for construction oversight, \$3,500 for septic design engineering services, and \$285,192 for preliminary design-build services.

NOTE 8 – COMMITMENTS AND SUBSEQUENT EVENTS (concluded)

As of June 30, 2020, the School had \$14,460 in an outstanding uncompleted commitment for the renovation of the music and physical education building.

The School has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through September 25, 2020 the date the financial statements were available. The following subsequent events were identified.

In July 2020, the School signed a \$12,200 contract for mechanical engineering services that includes HVAC and plumbing designs for the 2nd floor building renovation.

In July 2020, the School signed a \$7,000 contract for electrical engineering services that includes lighting, power, and electrical systems for the 2nd floor building renovation.

In August 2020, the School signed a \$42,750 contract for courtyard renovations and construction services.

In August 2020, the School signed a \$3,850 contract to complete the 2nd floor clearance and clean-out for construction preparation.

In August 2020, the School signed a \$4,897,101 contract for the construction of the new school building.

In August 2020, Columbia County issued two educational facilities revenue bonds to the School, series 2020A & series 2020B. The proceeds of the \$12,500,000 bonds are to finance the purchase of land and school expansion project and pay the School's existing mortgage and note payable in full.

Supplemental Schedules

Belmont Academy, Inc.

General Fund
Budgetary Comparison Schedule (Unaudited)
For the year ended June 30, 2020

	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL		
REVENUES				
Florida education finance program	\$3,716,117	\$3,821,502	\$3,761,961	(\$59,541)
Contributions	3,807	8,000	7,848	(\$152)
Other state revenue	67,348	80,000	132,775	\$52,775
Other local revenue	46,200	85,110	78,797	(\$6,313)
Interest	2,400	5,000	3,448	(\$1,552)
TOTAL REVENUES	<u>3,835,872</u>	<u>3,999,612</u>	<u>3,984,829</u>	<u>(14,783)</u>
EXPENDITURES				
Current:				
Instructional services	2,296,008	2,293,520	2,241,676	51,844
Instructional support services	203,539	188,635	188,428	207
General support services				
Board	48,495	40,600	39,951	649
School administration	556,733	600,492	595,875	4,617
Fiscal services	21,688	30,210	29,420	790
Central services	21,688	23,210	22,982	228
Operation of Plant	523,328	547,910	538,756	9,154
Administrative technology services	9,714	11,800	11,770	30
Community services	0	19,300	18,629	671
Capital outlay:				
Instructional services	6,000	9,300	856	8,444
Debt service	216,652	217,000	216,362	638
TOTAL EXPENDITURES	<u>3,903,845</u>	<u>3,981,977</u>	<u>3,904,705</u>	<u>77,272</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(67,973)	17,635	80,124	62,489
OTHER FINANCING SOURCES				
Insurance proceeds	0	6,200	6,180	
TOTAL OTHER FINANCING SOURCES	<u>0</u>	<u>6,200</u>	<u>6,180</u>	
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	(67,973)	23,835	86,304	
FUND BALANCE, BEGINNING OF YEAR	<u>564,789</u>	<u>564,789</u>	<u>564,789</u>	
FUND BALANCE, END OF YEAR	<u>\$496,816</u>	<u>\$588,624</u>	<u>\$651,093</u>	

See accompanying notes to the financial statements.

Belmont Academy, Inc.

Special Revenue Fund
 Budgetary Comparison Schedule (Unaudited)
 For the year ended June 30, 2020

	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL		
REVENUES				
Federal through state				
Title II	36,000	18,288	18,288	0
School lunch program	147,000	133,450	133,317	(133)
Federal				
Schools and library program	0	0	19,412	19,412
TOTAL REVENUES	<u>183,000</u>	<u>151,738</u>	<u>171,017</u>	<u>(133)</u>
EXPENDITURES				
Current:				
Instructional services	2,000	2,000	1,813	187
Instructional support services	16,500	16,500	16,475	25
General support services				
School administration	2,000	2,000	1,958	42
Food services	137,000	133,450	133,317	133
Operation of plant	17,500	17,500	17,454	46
TOTAL EXPENDITURES	<u>175,000</u>	<u>171,450</u>	<u>171,017</u>	<u>387</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	8,000	(19,712)	0	254
OTHER FINANCING SOURCES				
Transfers in	0	0	0	0
TOTAL OTHER FINANCING SOURCES	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	8,000	(19,712)	0	254
FUND BALANCE, BEGINNING OF YEAR	<u>0</u>	<u>0</u>	<u>0</u>	
FUND BALANCE, END OF YEAR	<u>\$8,000</u>	<u>(\$19,712)</u>	<u>\$0</u>	

See accompanying notes to the financial statements.

Belmont Academy, Inc.

Capital Projects Fund
Budgetary Comparison Schedule (Unaudited)
For the year ended June 30, 2020

	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL		
REVENUES				
Other state revenue				
Public education capital outlay	227,774	275,000	274,471	(529)
Interest	0	0	1,346	1,346
TOTAL REVENUES	<u>227,774</u>	<u>275,000</u>	<u>275,817</u>	<u>(529)</u>
EXPENDITURES				
Current:				
General support services				
Facilities acquisition and construction	55,469	392,711	243,430	149,281
Debt service	15,303	15,000	14,965	35
TOTAL EXPENDITURES	<u>70,772</u>	<u>407,711</u>	<u>258,395</u>	<u>149,316</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	157,002	(132,711)	17,422	148,787
OTHER FINANCING SOURCES				
Loan proceeds	0	67,000	67,000	
TOTAL OTHER FINANCING SOURCES	<u>0</u>	<u>67,000</u>	<u>67,000</u>	<u>0</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	157,002	(65,711)	84,422	148,787
FUND BALANCE, BEGINNING OF YEAR	<u>0</u>	<u>0</u>	<u>0</u>	
FUND BALANCE, END OF YEAR	<u>\$157,002</u>	<u>(\$65,711)</u>	<u>\$84,422</u>	

See accompanying notes to the financial statements.

**Additional Elements Required by the Rules of the Auditor
General, *Government Auditing Standards***

REDDISH & WHITE

CERTIFIED PUBLIC ACCOUNTANTS

P.O Box 307 • 134 East Call Street • Starke, Florida 32091
Phone (904) 964-7555 • Fax (904) 964-3887
www.reddishandwhite.com

MANAGEMENT LETTER

To the Board of Directors of Belmont Academy, Inc.,
a Charter School and Component Unit of the District
School Board of Columbia County, Florida

Report on the Financial Statements

We have audited the financial statements of Belmont Academy, Inc. (the "School"), as of and for the year ended June 30, 2020, and have issued our report, thereon dated September 25, 2020.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, 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 Compliance and Other Matters based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in this report, which are dated September 25, 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 findings or recommendations made in the preceding annual financial audit report.

Official Title

Section 10.854(1)(e)5., Rules of the Auditor General, requires the name or official title of the entity and the school code assigned by the Florida Department of Education be

disclosed in this management letter. The official title and the school code assigned by the Florida Department of Education of the entity are Belmont Academy, Inc and 12-0402.

Financial Condition and Management

Section 10.854(1)(e)2. and 10855(11), Rules of the Auditor General, requires us to apply appropriate procedures and communicate whether or not Belmont Academy, Inc. has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific conditions met. In connection with our audit, we determined that Belmont Academy, Inc. did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Section 10.854(1)(e)6a. and 10.855(12). Rules of the Auditor General, we applied financial condition assessment procedures for Belmont Academy, Inc. It is management's responsibility to monitor Belmont Academy, Inc.'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

Section 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 Belmont Academy, Inc. maintains on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that Belmont Academy, Inc. 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 which 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 District School Board of Columbia County, and is not intended to be and should not be used by anyone other than these specified parties.

Reddish + White CPA'S

Starke, Florida
September 25, 2020

REDDISH & WHITE

CERTIFIED PUBLIC ACCOUNTANTS

P.O. Box 307 • 134 East Call Street • Starke, Florida 32091

Phone (904) 964-7555 • Fax (904) 964-3887

www.reddishandwhite.com

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

To the Board of Directors of Belmont Academy, Inc.,
a Charter School and Component Unit of the District
School Board of Columbia 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 and major funds of Belmont Academy, Inc. (the "School"), a charter school and component unit of the District School Board of Columbia 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 September 25, 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 School's internal control.

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

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

Compliance and Other Matters

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

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.

Reddish & White CPAs

Starke, Florida
September 25, 2020

REDDISH & WHITE

CERTIFIED PUBLIC ACCOUNTANTS

P.O Box 307 • 134 East Call Street • Starke, Florida 32091
Phone (904) 964-7555 • Fax (904) 964-3887
www.reddishandwhite.com

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

September 25, 2020

To the Board of Directors
Belmont Academy, Inc.
Lake City, Florida

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Belmont Academy, Inc. for the year ended June 30, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated May 3, 2020. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Belmont Academy, Inc. are described in note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2020. We noted no transactions entered into by Belmont Academy, Inc. during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The most sensitive estimate affecting Belmont Academy, Inc.'s financial statements was:

Management's estimate of the useful lives of the fixed assets is based on historical data. We evaluated the key factors and assumptions used to develop the useful lives of the fixed assets in determining that is reasonable in relation to the financial statements taken as a whole.

The financial statements disclosures are neutral, consistent, and clear.

Difficulties Encountered During the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements which were primarily to convert your accounting records from the cash basis to the accrual basis.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 25, 2020.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the government unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that

the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

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

Other Matters

We applied certain limited procedures to the Management Discussion and Analysis, and budgetary comparison information, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

This information is intended solely for the information and use of the council members and management of Belmont Academy, Inc. and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Reddish + White CPA'S