

**CHOICES IN LEARNING, INC.**  
**BASIC FINANCIAL STATEMENTS**  
**AND**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2020**

**CHOICES IN LEARNING, INC.**  
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**JUNE 30, 2020**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors,  
Choices In Learning, Inc.:

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and each major fund of Choices In Learning, Inc. (the School), a component unit of Seminole 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***

The School's 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.

### ***Auditors' 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 and each major fund of Choices In Learning, Inc., 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.

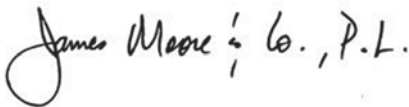
## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information as listed in the accompanying 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 historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 10, 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.



Daytona Beach, Florida  
August 10, 2020

**CHOICES IN LEARNING, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2020**

As management of Choices In Learning, Inc. (the School), we offer readers of the School's financial statements this narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2020 to (a) assist the reader in focusing on significant financial issues, (b) provide an overview and analysis of the School's financial activities, (c) identify changes in the School's financial position, (d) identify material deviations from the approved budget, and (e) highlight significant issues in individual funds.

Because the information contained in the Management's Discussion and Analysis (MD&A) is intended to highlight significant transactions, events and conditions, it should be considered in conjunction with the basic financial statements found on pages 9 - 14.

**FINANCIAL HIGHLIGHTS**

- The assets of Choices In Learning, Inc. exceeded its liabilities at the close of the most recent fiscal year by \$1,440,255 (net position).
- As of the close of the current fiscal year, Choices In Learning, Inc.'s governmental funds reported combined ending fund balances of \$2,407,465.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$1,702,583.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to Choices In Learning, Inc.'s basic financial statements. Choices In Learning, Inc.'s basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements**—The government-wide financial statements are designed to provide readers with a broad overview of Choices In Learning, Inc.'s finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of Choices In Learning, Inc.'s assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Choices In Learning, Inc. is improving or deteriorating.

The statement of activities presents information showing how the School's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected funding).

**CHOICES IN LEARNING, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2020**  
(Continued)

Both of the government-wide financial statements distinguish functions of Choices In Learning, Inc. that are principally supported by school board, state, and federal funding (governmental activities) and charges for services from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of Choices In Learning, Inc. include basic instruction, exceptional instruction, media services, guidance services, health services, curriculum development, staff development, general administration, school administration, facilities, fiscal services, food services, transportation, operation of plant, maintenance of plant, community services, other programs and services, interest on long-term debt, and unallocated depreciation.

The government-wide financial statements include only Choices In Learning, Inc. itself, which is a component unit of the Seminole County School Board. The Seminole County School Board includes the operations of Choices In Learning, Inc. in their operations.

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

**Fund financial statements**—A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Choices In Learning, Inc., like other charter schools, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the operations of Choices In Learning, Inc. are presented in governmental funds only.

**Governmental funds**—Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental fund and governmental activities.

Choices In Learning, Inc. maintains two individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances in the general fund and capital fund, both of which are considered to be major funds. The general fund is not restricted by an outside source and can be used to fund general activities. This fund accounts for all resources for the leasing or acquisition of capital facilities by the School to the extent funded by capital grants. The capital fund monies must be spent on certain things set forth in the Florida Statutes, which allow 31 months to spend those monies.

**CHOICES IN LEARNING, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2020**  
(Continued)

Choices In Learning, Inc. adopts an annual appropriated budget for all funds. A budgetary comparison schedule has been provided to demonstrate compliance with this budget. Presentation of the Capital Fund is not required by GASB.

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

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

**CONDENSED FINANCIAL INFORMATION**

The following table presents condensed, government-wide data about net position and changes in net position as of and for the years ended June 30, 2020 and 2019.

	<b>June 30, 2020</b>	<b>June 30, 2019</b>
	<b>Governmental</b>	<b>Governmental</b>
	<b>Activities</b>	<b>Activities</b>
	<u>                    </u>	<u>                    </u>
<b>Assets:</b>		
Non-capital assets	\$ 2,687,857	\$ 2,600,454
Capital assets, net	7,402,268	7,561,875
<b>Total Assets</b>	<u>\$ 10,090,125</u>	<u>\$ 10,162,329</u>
 <b>Deferred Outflows of Resources:</b>		
Deferred loss on bond refunding	<u>\$ 601,810</u>	<u>\$ 627,238</u>
 <b>Liabilities:</b>		
Current liabilities	\$ 547,140	\$ 486,208
Noncurrent liabilities	8,704,540	8,932,364
<b>Total Liabilities</b>	<u>\$ 9,251,680</u>	<u>\$ 9,418,572</u>
 <b>Net position:</b>		
Net Investment in capital assets	\$ (928,055)	\$ (961,488)
Unrestricted	2,368,510	2,332,483
<b>Total Net position</b>	<u>\$ 1,440,255</u>	<u>\$ 1,370,995</u>

**CHOICES IN LEARNING, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2020**  
(Continued)

**Change in Net position**

	<b>June 30, 2020</b>	<b>June 30, 2019</b>
	<b>Governmental</b>	<b>Governmental</b>
	<b>Activities</b>	<b>Activities</b>
	<hr/>	<hr/>
<b>Program revenues:</b>		
Capital grants and contributions:		
Capital Funds	\$ 382,336	\$ 400,226
Operating Contributions	127	3,250
Charges for service	408,061	531,206
<b>General revenues:</b>		
Seminole County District School Board	5,045,411	4,998,505
Other revenues	87,820	87,305
<b>Total revenues</b>	<hr/> <b>\$ 5,923,755</b>	<hr/> <b>\$ 6,020,492</b>
<b>Program expenses:</b>		
Basic instruction	\$ 3,076,905	\$ 2,972,708
Exceptional instruction	236,737	214,903
Media services	61,634	50,593
Guidance services	66,441	61,610
Health services	30,859	25,734
Curriculum development	70,244	66,030
Staff development	17,860	21,300
General administration	38,032	36,622
School administration	370,190	371,388
Fiscal services	114,443	116,829
Food services	130,802	145,812
Transportation	121,051	128,520
Plant	378,916	431,430
Maintenance of plant	13,800	13,800
Community services	235,072	238,048
Other programs and services	31,296	43,370
Interest on long-term-debt	383,970	376,644
Bond issuance costs	25,428	220,165
Unallocated depreciation	450,815	416,208
<b>Total expenses</b>	<hr/> <b>\$ 5,854,495</b>	<hr/> <b>\$ 5,951,714</b>
<b>Change in net position</b>	69,260	68,778
<b>Net position, beginning of year</b>	<hr/> 1,370,995	<hr/> 1,302,217
<b>Net position, end of year</b>	<hr/> <b>\$ 1,440,255</b>	<hr/> <b>\$ 1,370,995</b>



**CHOICES IN LEARNING, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2020**  
(Continued)

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of the School's financial position. In the case of Choices In Learning, Inc., assets did exceed liabilities by \$1,440,255 at the close of the most recent fiscal year. The \$69,260 increase in net assets is primarily attributed to the School's effort to manage expenses and maintain profits to meet its debt service coverage ratio requirements.

As a result of the current fiscal year operations, Choices In Learning, Inc. is reporting an increase of \$36,027 in unrestricted net position from General Fund activities based on operating activities. Choices In Learning, Inc. is reporting a current year increase of \$33,233 in net investment in capital assets primarily related to the payment on the bonds in relation to the depreciation of capital assets.

**FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS**

As noted earlier, Choices In Learning, Inc. uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

As of the end of the current fiscal year, the Choices In Learning, Inc.'s governmental funds reported combined ending fund surplus of \$2,407,465. The capital fund monies are required to be spent on certain things set forth in the Florida Statutes and the statutes allow 31 months to spend those monies. All of the monies were spent as of June 30, 2020 and June 30, 2019.

The general fund is the chief operating fund of Choices In Learning, Inc. At the end of the current fiscal year, unassigned fund surplus of the general fund was \$1,702,583, a decrease of \$115,344 from the prior year. The total general fund balance increased by \$35,257 during the current fiscal year.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

Differences between the final amended budget and original budget during the year were primarily related to personnel costs and capital expenditures.

**CHOICES IN LEARNING, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2020**  
(Continued)

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital assets**—Choices In Learning, Inc.'s investment in capital assets for its governmental activities as of June 30, 2020, amounts to \$7,402,268. This investment in capital assets includes the school facility and related land, fixed equipment, furniture, and fixtures.

**Debt**—At the end of the current fiscal year, Choices In Learning, Inc. had total long-term debt of \$8,932,333. The amount consists of a refinancing loan obtained to extinguish the original bond used to construct the school facilities. The current debt maturities can be seen in Note 4 in the accompanying financial statements.

**ECONOMIC FACTORS**

School board, state, and federal funding from school boards according to the number of students enrolled principally support Choices In Learning, Inc. Enrollment for the 2019-2020 school year remained at 686 students. Enrollment for the 2020-2021 school year is currently 630 students with a waiting list of 219 students. With the Covid-19 Pandemic, the school is purposely keeping enrollment lower for the 2020-2021 school year to properly account for social distancing and other protective measures. We are offering both in-person and virtual learning options. While the total income will be lower, the school is managing expenses to ensure that we don't overspend their revenues.

**REQUEST FOR INFORMATION**

This financial report is designed to provide a general overview of the Choices In Learning, Inc. finances for all those with an interest in the School's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Choices In Learning, Inc., 1100 East State Road 434, Winter Springs, FL 32708.

**CHOICES IN LEARNING, INC.**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2020**

	<u><b>Governmental Activities</b></u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 2,674,933
Accounts receivable	464
Capital assets:	
Land	1,091,914
Other capital assets, net of accumulated depreciation	6,310,354
Deposits	12,460
Total Assets	<u><u>\$ 10,090,125</u></u>
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred loss on bond refunding	<u><u>\$ 601,810</u></u>
 <b>LIABILITIES</b>	
Accounts payable and accrued expenses	\$ 287,712
Accrued interest payable	31,635
Noncurrent liabilities:	
Due within one year:	
Bonds payable	227,793
Due in more than one year:	
Bonds payable	8,704,540
Total Liabilities	<u><u>\$ 9,251,680</u></u>
 <b>NET POSITION</b>	
Net investment in capital assets	\$ (928,255)
Unrestricted	2,368,510
Total Net Position	<u><u>\$ 1,440,255</u></u>

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

**CHOICES IN LEARNING, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2020**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<b>Governmental activities</b>					
Basic instruction	\$ 3,076,905	\$ -	\$ -	\$ -	\$ (3,076,905)
Exceptional instruction	236,737	-	-	-	(236,737)
Media services	61,634	-	-	-	(61,634)
Guidance services	66,441	-	-	-	(66,441)
Health services	30,859	-	-	-	(30,859)
Curriculum development	70,244	-	-	-	(70,244)
Staff development	17,860	-	-	-	(17,860)
General administration	38,032	-	-	-	(38,032)
School administration	370,190	-	127	-	(370,063)
Fiscal services	114,443	-	-	-	(114,443)
Food services	130,802	76,958	-	-	(53,844)
Transportation	121,051	-	-	-	(121,051)
Operation of plant	378,916	-	-	-	(378,916)
Maintenance of plant	13,800	-	-	-	(13,800)
Community services	235,072	303,631	-	-	68,559
Other programs and services	31,296	27,472	-	-	(3,824)
Interest on long-term debt	383,970	-	-	382,336	(1,634)
Bond issuance costs	25,428	-	-	-	(25,428)
Unallocated depreciation	450,815	-	-	-	(450,815)
Total governmental activities	<u>\$ 5,854,495</u>	<u>\$ 408,061</u>	<u>\$ 127</u>	<u>\$ 382,336</u>	<u>(5,063,971)</u>
<b>General revenues</b>					
Seminole County School Board					5,045,411
<b>Other revenues</b>					
Other income					87,820
Total general and other revenues					<u>5,133,231</u>
<b>Change in net position</b>					
					69,260
<b>Net position, beginning of year</b>					
					1,370,995
<b>Net position, end of year</b>					
					<u>\$ 1,440,255</u>

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

**CHOICES IN LEARNING, INC.**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2020**

	<b>General Fund</b>	<b>Capital Fund</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,674,933	\$ -	\$ 2,674,933
Accounts receivable	464	-	464
Deposits	12,460	-	12,460
Total Assets	\$ 2,687,857	\$ -	\$ 2,687,857
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	\$ 280,392	\$ -	\$ 280,392
<b>FUND BALANCES</b>			
Assigned for:			
Repair and replacement	681,034	-	681,034
Subsequent year budget	23,848	-	23,848
Unassigned	1,702,583	-	1,702,583
Total Fund Balances	2,407,465	-	2,407,465
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 2,687,857</b>	<b>\$ -</b>	<b>\$ 2,687,857</b>

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

**CHOICES IN LEARNING, INC.**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2020**

Fund balances - total governmental funds \$ 2,407,465

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. Those assets consist of:

Land	1,091,914	
Land and buildings improvements	7,545,557	
Furniture, fixtures and equipment	1,630,017	
Accumulated depreciation	(2,865,220)	
Total capital assets, net	7,402,268	7,402,268

Bonds payable and other long-term liabilities are not due and payable currently and therefore are not reported as liabilities of the governmental funds:

Bonds payable	(8,932,333)	
Accrued interest and other expenses	(38,955)	
	(8,971,288)	(8,971,288)

Unamortized deferred loss on bond defeasance is not recognized in the fund statements.

601,810

Total net position of governmental activities \$ 1,440,255

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

**CHOICES IN LEARNING, INC.**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	<u>General Fund</u>	<u>Capital Fund</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>			
Seminole County District School Board	\$ 5,045,411	\$ -	\$ 5,045,411
Capital funds	-	382,336	382,336
Other revenues:			
Donations	127	-	127
Community services fees	303,631	-	303,631
Food service	76,958	-	76,958
Other income	115,292	-	115,292
Total revenues	<u>5,541,419</u>	<u>382,336</u>	<u>5,923,755</u>
<b>Expenditures</b>			
Current:			
Basic instruction	3,162,046	-	3,162,046
Exceptional instruction	236,737	-	236,737
Media services	61,634	-	61,634
Guidance services	66,441	-	66,441
Health services	30,859	-	30,859
Curriculum development	70,244	-	70,244
Staff development	17,860	-	17,860
General administration	38,032	-	38,032
School administration	370,187	-	370,187
Fiscal services	114,443	-	114,443
Food services	130,802	-	130,802
Transportation	121,051	-	121,051
Operation of plant	544,805	-	544,805
Maintenance of plant	53,978	-	53,978
Community services	235,072	-	235,072
Other programs and services	31,296	-	31,296
Debt service:			
Principal payment	218,268	-	218,268
Interest charges	384,743	-	384,743
Total expenditures	<u>5,888,498</u>	<u>-</u>	<u>5,888,498</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(347,079)</u>	<u>382,336</u>	<u>35,257</u>
<b>Other financing sources (uses)</b>			
Transfers in	382,336	-	382,336
Transfers out	-	(382,336)	(382,336)
Total other financing sources (uses)	<u>382,336</u>	<u>(382,336)</u>	<u>-</u>
<b>Net change in fund balance</b>	<u>35,257</u>	<u>-</u>	<u>35,257</u>
<b>Fund balances, beginning of year</b>	2,372,208	-	2,372,208
<b>Fund balances, end of year</b>	<u>\$ 2,407,465</u>	<u>\$ -</u>	<u>\$ 2,407,465</u>

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

**CHOICES IN LEARNING, 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		\$ 35,257
The change in net position reported for governmental activities in the statement of activities is different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Total capital outlay	291,208	
Current year depreciation	<u>(450,815)</u>	(159,607)
The issuance of long-term debt (i.e., bonds and leases ) provides current financial resources to governmental funds, while the repayment of the principal long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position.		
Principal payments		218,268
Interest and other expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Interest	773	
Other expenses	(3)	
Amortization of bond premium	<u>(25,428)</u>	(24,658)
Change in net position of governmental activities		<u><u>\$ 69,260</u></u>

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



**CHOICES IN LEARNING, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

(1) **Summary of Significant Accounting Policies:**

The following is a summary of the more significant accounting policies of Choices In Learning, Inc. (the School), which affect significant elements of the accompanying basic financial statements.

(a) **Reporting entity**—Choices In Learning, Inc. (the School), a Charter School, is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act, and Section 1002.33, Florida Statutes. The governing body of the School is the Board of Directors, which is composed of five 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, which is the Seminole County District School Board (the District). The current charter is effective until June 30, 2024, and may be renewed in increments of five years 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 which case the District is required to notify the School in writing at least 90 days prior to the charter's expiration. Pursuant to Section 1002.33 (8)(e), Florida Statutes, in the event the School is dissolved or terminated, any unencumbered public 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 Seminole County District School Board.

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 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.

(b) **Government-wide and fund financial statements**—The government-wide financial statements consist of the Statement of Net Position and the Statement of Activities. These statements report information on all of the nonfiduciary activities of the School. All interfund activities are eliminated from these statements. Both statements report only governmental activities as the School does not engage in any business-type activities.

Net position, the difference between assets and liabilities, as presented in the Statement of Net Position, is subdivided into three categories: net investment in capital asset; restricted net position; and unrestricted net position. Net position is reported as restricted when constraints are imposed on the use of the amounts either externally by creditors, grantors, contributors, or laws or regulations of other governments, or enabling legislation.

**CHOICES IN LEARNING, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

(1) **Summary of Significant Accounting Policies:** (Continued)

The Statement of Activities presents a comparison between the direct expenses of a given function and its program revenues, and displays the extent to which each function contributes to the change in net position for the fiscal year. Direct expenses are those that are clearly identifiable to a specific function. Program revenues consist of charges for services, operating grants and contributions, and capital grants and contributions. Charges for services refer to amounts received from those who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment. Grants and contributions consist of revenues that are restricted to meeting operational or capital requirements of a particular function. Revenues not classified as program revenues are reported as general revenues, such as revenue received from the District.

Separate fund financial statements report detailed information about the School's governmental funds. The focus of the governmental fund financial statements is on major funds. Therefore, major funds are reported in separate columns on the fund financial statements. All of the School's funds are deemed major funds. A reconciliation is provided that converts the results of governmental fund accounting to the government-wide presentation.

(c) **Measurement focus, basis of accounting, and financial statement presentation**—The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized when a liability is incurred.

All governmental fund financial statements are reported using a current financial resources measurement focus on a modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues, except for certain grant revenues, are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Available means collectible within the current period, or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the School considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. 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 recorded when the related fund liability is incurred. The principal exceptions to this are: principal and interest and general long-term debt, which are recorded as expenditures only when payment is due.

The School's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. Accordingly, the financial statements are organized on the basis of funds. A fund is an accounting entity having a self-balancing set of accounts for recording assets, liabilities, fund equity, revenues, expenditures, and other financing sources and uses.

Resources are allocated to and accounted for in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled.

The School uses the following major governmental funds:

**CHOICES IN LEARNING, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

(1) **Summary of Significant Accounting Policies:** (Continued)

**General Fund**—The general operating fund of the School is used to account for all financial resources not required to be accounted for in another fund.

**Capital Fund**—In accordance with guidelines established by Seminole County District School Board, this capital projects fund accounts for all resources for the leasing or acquisition of capital facilities by the School to the extent funded by capital grants and donations.

(d) **Budgetary basis of accounting**—Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual budgets are adopted for the entire operation at the combined governmental level and may be amended by the Board of Directors (the Board). For fiscal year ended June 30, 2020, the budget presented has been amended according to Board procedures.

Budgets are presented on the modified accrual basis of accounting. The legal level of budgetary control is the fund level.

(e) **Cash and cash equivalents**—Cash and cash equivalents include amounts in demand deposits as well as investments that are readily convertible to known amounts of cash. Investments with original maturities of three months or less are considered to be cash equivalents.

(f) **Income taxes**—Under section 501(c)(3) of the Internal Revenue Code and Florida Statutes, the School is exempt from taxes on income other than unrelated business income. Since the School had no taxable unrelated business income during 2020, no provision for income taxes is provided in the financial statements.

Management of the School considers the likelihood of changes by taxing authorities in its filed income tax returns and recognizes a liability for or discloses potential significant changes that management believes are more likely than not to occur, including changes to the School's status as a not-for-profit entity. Management believes the School met the requirements to maintain its tax-exempt status and has no income subject to unrelated business income tax, therefore no provision for income taxes has been provided in these 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.

(g) **Capital assets**—Capital assets are defined by the School as assets with either an initial individual cost of more than \$500 or a grouping of like assets of more than \$500 and an estimated useful life of more than one year. Such assets are recorded at historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

**CHOICES IN LEARNING, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

(1) **Summary of Significant Accounting Policies:** (Continued)

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

Asset Class	Estimated Useful Lives
Land and building improvements	2 – 40
Furniture, fixtures and equipment	3 – 7

(h) **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 (FTE) students and related data to the District. Under the provisions of Section 1011.62, Florida Statutes, the District reports the number of FTE students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program. Funding for the School is adjusted during the year to reflect revised calculations by the FDOE under the Florida Education Finance Program and the actual weighted FTE students reported by the School during designated FTE student survey periods.

The School may receive federal and state awards for the enhancement of various educational programs. This assistance is generally based on applications submitted to and approved by various granting agencies. These awards may have eligibility requirements whereby the issuance of grant funds is withheld until such eligible expenditures are incurred. Revenues for these awards are recognized only to the extent that eligible expenditures have been incurred.

(i) **Use of estimates**—The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

(j) **Deferred outflows/inflows of resources**—In addition to assets, the statement of financial position will, if required, 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. Currently, the only item in this category consisted of deferred amounts related to long-term debt, as discussed further in Note (4).

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 or fund balance that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Currently, the School does not have any items that meet the definition of a deferred inflow of resources.

**CHOICES IN LEARNING, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

(1) **Summary of Significant Accounting Policies:** (Continued)

(k) **Fund equity**—In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the School is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Those classifications are as follows:

**Nonspendable**—Amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact.

**Restricted**—Amounts that can be spent only for specific purposes because of the Bylaws, district or local charter, state or federal laws, or externally imposed conditions by grantors or creditors.

**Committed**—Amounts that can be used only for specific purposes determined by a formal action by ordinance or resolution. This includes the budget reserve account.

**Assigned**—Amounts that are designated by the Board of Directors for a specific purpose but are not spendable until a budget ordinance is passed by the Board of Directors.

**Unassigned**—All amounts not included in other spendable classifications.

In the government-wide financial statements, when both restricted and unrestricted resources are available for use, it is the School's policy to use restricted resources first, then unrestricted resources as they are needed. In governmental fund financial statements, restricted funds are used first as appropriate. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the School considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Directors has provided otherwise in its commitment or assignment actions.

The Net Investment in Capital Assets listed on the Statement of Net Position reflects total capital assets, \$7,402,268, plus the deferred loss on bond refunding, \$601,810, less debt directly related to the acquisition of those assets, \$8,932,333.

(l) **Fund balance policy**—The School's fund balance policy requires it to maintain three months of expenditures for emergencies. It is also the School's policy that each year approximately \$75,000 of the fund balance, if available above and beyond the three month emergency fund, shall be spent on board approved capital improvements related to technology improvements in an effort to keep the School technologically advanced. Any remaining money in the fund balance shall be used as determined by the School's board.

In May 2015, the board approved the assignment of General Fund balance for future replacement costs starting in 2016. The School developed a replacement plan schedule based on current costs and will increase the assignment approximately 5% every year for inflation. At June 30, 2020, \$681,034 was assigned for future replacement costs.

**CHOICES IN LEARNING, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

(2) **Reconciliation of Government-Wide and Fund Financial Statements:**

(a) **Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position**—Following the governmental funds balance sheet is a reconciliation between *fund balances – total governmental funds and net position of governmental activities* as reported in the government-wide statement of net position. The details of this difference are explained in the above referenced financial statement.

(b) **Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities**—Following the governmental funds statement of revenues, expenditures, and changes in fund balances, there is a reconciliation between *net change in fund balances – total governmental funds and changes in net position of governmental activities*. The details of this difference are explained in the above referenced financial statement.

(3) **Capital Assets:**

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

	<u>Balance July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2020</u>
Capital assets, not being depreciated:				
Land	\$ 1,091,914	\$ -	\$ -	\$ 1,091,914
Total capital assets, not being depreciated	<u>1,091,914</u>	<u>-</u>	<u>-</u>	<u>1,091,914</u>
Capital assets, being depreciated:				
Land and building improvements	7,430,326	115,231	-	7,545,557
Furniture, fixtures and equipment	<u>1,454,040</u>	<u>175,977</u>	<u>-</u>	<u>1,630,017</u>
Total capital assets, being depreciated	<u>8,884,366</u>	<u>291,208</u>	<u>-</u>	<u>9,175,574</u>
Less: Accumulated depreciation for:				
Building improvements and fixed equipment	1,409,008	190,234	-	1,599,242
Furniture, fixtures and equipment	<u>1,005,397</u>	<u>260,581</u>	<u>-</u>	<u>1,265,978</u>
Total accumulated depreciation	<u>2,414,405</u>	<u>450,815</u>	<u>-</u>	<u>2,865,220</u>
Total capital assets, being depreciated, net	<u>6,469,961</u>	<u>(159,607)</u>	<u>-</u>	<u>6,310,354</u>
Capital assets, net	<u>\$ 7,561,875</u>	<u>\$ (159,607)</u>	<u>\$ -</u>	<u>\$ 7,402,268</u>

Capital assets are used by multiple functions with the School and cannot be easily charged directly to a specific function. For the year ended June 30, 2020, unallocated depreciation expense was \$450,815.

**CHOICES IN LEARNING, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**(4) Long-term Debt:**

On February 25, 2019, the School authorized a \$9,199,407 loan agreement with a 4.250% interest rate. The proceeds were used to redeem \$9,060,000 of outstanding 2010 series bonds, whose interest rate was between 6.200% and 7.375%. The School refunded the bonds to reduce its total debt service payments over 22 years by \$3,458,755.

At June 30, 2020, long-term debt consisted of the loan agreement entered into with Charter Impact Fund, Inc., on February 25, 2019. The principal amount of the loan entered into with Charter Impact Fund, Inc., was \$9,199,407, with a maturity date on November 1, 2043 and payments of principal plus interest 4.250% monthly. The loan is collateralized by land and school facility located in the City of Winter Springs, Florida, as described in the loan document. The School is required to maintain a debt service coverage ratio, a minimum student enrollment, and maintain not less than sixty days cash on hand as defined in the bond document. As of and for the year ended June 30, 2020, the School was in compliance with these requirements.

A summary of long-term debt for the year ended June 30, 2020, is as follows:

	<u>Balance July 1, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2020</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
Bonds payable	\$ 9,150,601	\$ -	\$ 218,268	\$ 8,932,333	\$ 227,793
Governmental activities - long-term liabilities	<u>\$ 9,150,601</u>	<u>\$ -</u>	<u>\$ 218,268</u>	<u>\$ 8,932,333</u>	<u>\$ 227,793</u>

The annual debt service requirements to maturity for all governmental-type activity debt outstanding as of June 30, 2020 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 227,793	\$ 375,218	\$ 603,011
2022	237,665	365,346	603,011
2023	247,965	355,046	603,011
2024	258,711	344,300	603,011
2025	269,923	333,088	603,011
2026-2030	1,535,555	1,479,499	3,015,054
2031-2035	1,898,410	1,116,645	3,015,055
2036-2040	2,347,008	668,047	3,015,055
2041-2044	1,909,303	144,923	2,054,226
	<u>\$ 8,932,333</u>	<u>\$ 5,182,112</u>	<u>\$ 14,114,445</u>

**CHOICES IN LEARNING, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

(5) **Concentrations:**

(a) **Revenue sources**—As stated in Note 1, the School receives revenues for current operations primarily from the Seminole County District School Board pursuant to the funding provisions included in the School’s charter and from federal awards. 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 (FTE) students and related data to the District. Under the provisions of Section 1011.62, Florida Statutes, the District reports the number of FTE students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program. Funding for the School is adjusted during the year to reflect revised calculations by the FDOE under the Florida Education Finance Program and the actual weighted FTE students reported by the School during designated FTE student survey periods.

(b) **Cash and cash equivalents**—At June 30, 2020, the carrying amount of the School’s deposits was \$2,674,933 and the bank balances were \$2,676,431. The School maintains cash deposits at three banks in Florida. The School has no deposit policy for custodial risk, which is the risk that in the event of a bank failure, the School’s deposit may not be returned. Accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to applicable FDIC limits. Two of the three bank balances in excess of FDIC insurance is covered by collateral held by the School’s custodial bank, which is pledged to a state trust fund that provides security in accordance with Florida Security for Public Deposits Act, Chapter 280, Florida Statutes. One bank’s balance is only covered by FDIC and therefore, the School had an uninsured cash bank balance of \$2,298,775 at year-end.

The Florida Security for Public Deposits Act established guidelines for qualification and participation by banks and savings associations, procedures for the administration of the collateral requirements and characteristics of eligible collateral. Under the Act, the qualified public depository must pledge at least 50 percent of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance. Additional collateral, up to a maximum of 125 percent, may be required, if deemed necessary under the conditions set forth in the Act.

Obligations pledged to secure deposits must be delivered to the State Treasurer or, with the approval of the State Treasurer, to a bank, savings association, or trust company provided a power of attorney is delivered to the Treasurer. Under the Act, the pool may assess participating financial institutions on a pro rata basis to fund any shortfall in the event of the failure of a member institution.

(6) **Commitments:**

During the year ended June 30, 2020, the School contracted for student bus transportation with monthly payments of \$10,710, expiring June 2020. Current year payments charged to operations totaled \$121,051. As of August 10, 2020, the School has not signed a contract for the FY2020-2021 school year, and therefore, there are no future minimum payments.



**CHOICES IN LEARNING, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

(7) **Related Party Information:**

The Seminole County School District Board (the District) provides the School with various equipment and furniture. The District maintains title to said property and all property is to be returned to the District if the School ceases operation or no longer has use for the assets. These assets are not included in the financial statements of the School. However, if the School receives surplus equipment and furniture, said property becomes the property of the School and does not have to be returned to the District.

(8) **Interfund Accounts and Transfers:**

During the year ended June 30, 2020, the Capital Fund transferred \$382,336 to the General Fund to pay for debt service expenditures.

(9) **Profit Sharing Plan:**

The School has a profit sharing plan (the Plan) pursuant to Section 401(k) of the Internal Revenue Code (the Code), whereby participants may contribute a percentage of compensation, but not in excess of the maximum amount allowed under the Code. All eligible employees may enroll in the Plan when hired. The Plan provides for an employer base contribution on the employee's behalf equal to 3% of the employee's monthly compensation.

For the year ended June 30, 2020, employer contributions were \$55,223 and employee contributions were \$112,782. As of June 30, 2020, the Plan had 62 participating employees.

(10) **Risk Management:**

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 were no settlements in excess of the insurance coverage in any of the three prior fiscal years.

(11) **Contingencies:**

During and through the end of the fiscal year ended June 30, 2020, local, U.S., and world governments have encouraged self-isolation to curtail the spread of the global pandemic, coronavirus disease (COVID-19), by mandating temporary work stoppage in many sectors and imposing limitations on travel and size and duration of group meetings. Most industries are experiencing disruption to business operations and the impact of reduced consumer spending. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and any government actions to mitigate them. Accordingly, while management cannot quantify the financial and other impact to the School as of June 30, 2020, management believes that a material impact on the School's financial position and results of future operations is reasonably possible.

**CHOICES IN LEARNING, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

(12) **Recent Accounting Pronouncements:**

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have effective dates that may impact future financial statements. Listed below are pronouncements with required implementation dates effective for fiscal years subsequent to June 30, 2020, that have not yet been implemented. Management has not currently determined what, if any, impact implementation of the following will have on the City's financial statements:

- (a) GASB issued Statement No. 87, *Leases*, in June 2017. GASB 87 increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The provisions in GASB 87 are effective for periods beginning after June 15, 2021.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CHOICES IN LEARNING, INC.**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET TO ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Budget</u>		<u>Actual</u>	<u>Variance -</u>
	<u>Original</u>	<u>Final</u>		<u>Positive</u> <u>(Negative)</u>
<b>Revenues</b>				
Seminole County District School Board	\$ 4,928,897	\$ 5,025,860	\$ 5,045,411	\$ 19,551
Other revenues:				
Donations	4,500	150	127	(23)
Community services fees	379,540	305,070	303,631	(1,439)
Food service	80,000	76,500	76,958	458
Other income	90,500	113,550	115,292	1,742
Total revenues	<u>5,483,437</u>	<u>5,521,130</u>	<u>5,541,419</u>	<u>20,289</u>
<b>Expenditures</b>				
Current:				
Basic instruction	3,315,366	3,318,700	3,162,046	156,654
Exceptional instruction	226,016	238,950	236,737	2,213
Media services	66,350	63,350	61,634	1,716
Guidance services	58,850	67,600	66,441	1,159
Health services	32,900	30,350	30,859	(509)
Curriculum development	59,600	71,550	70,244	1,306
Staff development	26,500	18,000	17,860	140
General administration	51,416	40,800	38,032	2,768
School administration	330,925	379,650	370,187	9,463
Fiscal services	111,200	120,250	114,443	5,807
Food services	128,300	132,425	130,802	1,623
Transportation	135,000	121,000	121,051	(51)
Operation of plant	414,550	591,775	544,805	46,970
Maintenance of plant	20,000	55,000	53,978	1,022
Community services	232,350	241,340	235,072	6,268
Other programs and services	53,000	34,000	31,296	2,704
Debt service:				
Principal payment	218,268	218,268	218,268	-
Interest charges	384,743	384,743	384,743	-
Total expenditures	<u>5,865,334</u>	<u>6,127,751</u>	<u>5,888,498</u>	<u>239,253</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(381,897)</u>	<u>(606,621)</u>	<u>(347,079)</u>	<u>259,542</u>
<b>Other financing sources (uses)</b>				
Transfers in	363,103	409,153	382,336	(26,817)
Total other financing sources	<u>363,103</u>	<u>409,153</u>	<u>382,336</u>	<u>(26,817)</u>
<b>Net change in fund balance</b>	<u>(18,794)</u>	<u>(197,468)</u>	<u>35,257</u>	<u>232,725</u>
<b>Fund balances, beginning of year</b>	2,372,208	2,372,208	2,372,208	-
<b>Fund balances, end of year</b>	<u>\$ 2,353,414</u>	<u>\$ 2,174,740</u>	<u>\$ 2,407,465</u>	<u>\$ 232,725</u>

The accompanying notes to required supplementary  
information are an integral part of this schedule.

**CHOICES IN LEARNING, INC.**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2020**

(1) **Summary of Significant Accounting Policies:**

The Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual – General Fund is presented using the School’s budget format for all governmental funds.

(2) **Budgetary Basis of Accounting:**

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual budgets are adopted for the entire operation at the combined governmental level and may be amended by the Board of Directors (the Board). For fiscal year ended June 30, 2020, the budget presented has been amended according to Board procedures.

Budgets are presented on the modified accrual basis of accounting. The legal level of budgetary control is the fund level.

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

To the Board of Directors,  
Choices In Learning, Inc.:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Choices In Learning, Inc. (the School), a component unit of Seminole 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, and have issued our report thereon dated August 10, 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 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 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.

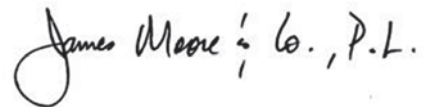
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given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

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style with a large initial 'J'.

Daytona Beach, Florida  
August 10, 2020

**MANAGEMENT LETTER OF INDEPENDENT AUDITORS  
REQUIRED BY CHAPTER 10.850, RULES OF THE AUDITOR GENERAL**

To the Board of Directors,  
Choices In Learning, Inc.

**Report on the Financial Statements**

We have audited the financial statements of the governmental activities and each major fund of Choices In Learning, Inc. (the School), a component unit of Seminole County District School Board, as of and for the fiscal year ended June 30, 2020, and have issued our report thereon dated August 10, 2020.

**Auditors' Responsibility**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and Chapter 10.850, Rules of the Auditor General.

**Other Reporting Requirements**

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated August 10, 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 and therefore, no such corrective actions were necessary.

**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 Choices In Learning, Inc., 9229.

**Financial Condition and Management**

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



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

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

### **Transparency**

Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor general, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the School maintains on its Website the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that the School maintained on its Website 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 had the following recommendation:

#### **2020-001 – Public Depository Identification and Acknowledgement Form**

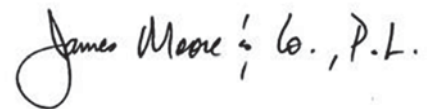
We noted the School did not file the Public Deposit Identification and Acknowledgement Form with the Florida Department of Financial Services when a new bank account was opened during the current year. To obtain the additional protection on cash deposits allowed for in state statutes, the School must sign and file the form at the time of opening the account. We recommend the School file said form for the new bank account.

### **Choices In Learning, Inc. Response to Findings**

The School's response to the finding identified in our audit are outlined as listed in the table of contents. The School's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of the Letter**

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



Daytona Beach, Florida  
August 10, 2020



**CHOICES IN LEARNING**  
ELEMENTARY CHARTER SCHOOL

**School's Response to Findings**

Florida statutes require that we file the Public Depositor Annual Report to the Chief Financial Officer each year by November 30<sup>th</sup>. We filed that report in October and listed all of our existing accounts at that time. After filing this report, we added new bank accounts. We missed the filing of the Public Deposit Identification and Acknowledgement Form for the new accounts believing that we would just add these new accounts with the next annual report filing. We will file the form for the new bank accounts.