

Collier Charter Academy

A Department of Southwest Charter
Foundation, Inc.
(A Component Unit of the School
District of Collier County, Florida)

Basic Financial Statements
For the Year Ended June 30, 2020

Keefe
McCullough
CPA's + Trusted Advisors

Collier Charter Academy

Table of Contents

Independent Auditor's Report	1-2
Management's Discussion and Analysis (Not Covered by Independent Auditor's Report)	3-7
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Position (Deficit)	8
Statement of Activities	9
Fund Basic Financial Statements:	
Balance Sheet - Governmental Funds	10
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position (Deficit)	11
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	12
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	13
Statement of Revenues and Expenditures - Budget and Actual - General Fund	14
Statement of Revenues and Expenditures - Budget and Actual - Special Revenue Fund	15
Statement of Assets and Liabilities - Agency Fund	16
Notes to Basic Financial Statements	17-26
Other Independent Auditor's Reports	
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>	27-28
Independent Auditor's Report to the Board of Directors	29-30

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Collier Charter Academy
A Department of Southwest Charter Foundation, Inc.
Naples, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Collier Charter Academy (the "School"), a Department of Southwest Charter Foundation, Inc. and a component unit of the School District of Collier County, Florida, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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, and budgetary comparison for the General Fund and Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements of the School are intended to present the financial position and changes in financial position of only that portion of the governmental activities, each major fund and aggregate remaining fund information of Southwest Charter Foundation, Inc. that is attributable to the transactions of the School. They do not purport to, and do not, present fairly the financial position of Southwest Charter Foundation, Inc. as of June 30, 2020 and the changes its financial position or budgetary comparisons, where applicable, for the year ended June 30, 2020 in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

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 3 through 7 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 27, 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 the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.



KEEFE McCULLOUGH

Fort Lauderdale, Florida
August 27, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

**Keefe
McCullough**
CPA's + Trusted Advisors

As management of Collier Charter Academy (the "School"), a Department of Southwest Charter Foundation, Inc. and a component unit of the School District of Collier County, Florida, we offer readers of the School's basic financial statements this narrative overview and analysis of the financial activities of the School for the year ended June 30, 2020 and 2019.

Management's discussion and analysis is included at the beginning of the School's basic financial statements to provide, in layman's terms, the past and current position of the School's financial condition. This summary should not be taken as a replacement for the audit which consists of the basic financial statements.

Financial Highlights

Our basic financial statements provide these insights into the results of this year's operations.

- As of June 30, 2020, the School's fund balances were \$ 2,541,199 as compared to \$ 2,540,946 at June 30, 2019.
- The net position (deficit) of the School as of June 30, 2020 was \$ (2,057,733) as compared to \$ (1,807,610) at June 30, 2019.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the School's basic financial statements. The School's basic financial statements are comprised of three components: 1) government-wide basic financial statements, 2) fund basic financial statements, and 3) notes to the basic financial statements.

Government-Wide Basic Financial Statements: The government-wide basic financial statements are designed to provide readers with a broad overview of the School's finances, in a manner similar to a private sector business.

The statement of net position presents information on all of the School's assets, liabilities, and deferred inflows/outflows of resources, 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 the School is improving or deteriorating.

The statement of activities presents information showing how the School's net position changed during the 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 revenues and services rendered but unpaid).

The government-wide basic financial statements include all governmental activities that are principally supported by grants and entitlements from the state for full-time equivalent funding. The School does not have any business-type activities. The governmental activities of the School primarily include instruction and instructional support services.

The government-wide basic financial statements can be found on pages 8 and 9 of this report.

Fund Basic Financial Statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

The School maintains several individual governmental funds. Information is presented in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances. The General Fund, Special Revenue Fund and Capital Project Fund are considered to be the School's major funds.

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

The governmental fund financial statements can be found on pages 10 through 15 of this report.

Agency Fund: In addition, the School has one Agency Fund which is a student activity fund. This fund is formed for education and school purposes.

The Agency Fund financial statement can be found on page 16 of this report.

Notes to Basic Financial Statements: The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to basic financial statements can be found on pages 17 through 26 of this report.

Government-Wide Financial Analysis

This is the School's third year of operations; therefore, comparative government-wide data is presented. The School's net position (deficit) was \$ (2,057,733) at June 30, 2020, which represents net investment in capital assets (deficit) of \$ (3,042,781), restricted of \$ 141,281 and unrestricted net assets of \$ 843,767. The School's net position (deficit) was \$ (1,807,610) at June 30, 2019, which represents net investments in capital assets (deficit) of \$ (2,803,608), restricted of \$ 56,398 and unrestricted net assets of \$ 939,600.

**Collier Charter Academy
Management's Discussion and Analysis
June 30, 2020**

Our analysis in the table below focuses on the net position (deficit) of the School's governmental activities:

Collier Charter Academy Net Position (Deficit) June 30, 2020		
	June 30, 2020	June 30, 2019
Assets:		
Current and other assets	\$ 1,264,212	\$ 1,313,944
Noncurrent assets	16,796,863	17,470,934
Total assets	18,061,075	18,784,878
Liabilities:		
Current liabilities	573,197	599,944
Noncurrent liabilities	19,545,611	19,992,544
Total liabilities	20,118,808	20,592,488
Net Position (Deficit):		
Net investment in capital assets (deficit)	(3,042,781)	(2,803,608)
Restricted	141,281	56,398
Unrestricted	843,767	939,600
Total net position (deficit)	\$ (2,057,733)	\$ (1,807,610)

Current and other assets decreased mainly as a result of a decrease in cash and cash equivalents. The decrease in noncurrent assets is mainly due to current year depreciation expense of approximately \$755,000 partially offset by capital asset purchases of \$81,329 made during the year. Total liabilities decreased mainly due to a decrease in noncurrent liabilities, resulting from principal payments made on the School's bond payable.

Governmental Activities: The results of this year's operations for the School as a whole are reported in the statement of activities on page 9. The following table provides a condensed presentation of the School's revenues and expenses for the year ended June 30, 2020 and 2019:

Collier Charter Academy Change in Net Position (Deficit) June 30, 2020		
	June 30, 2020	June 30, 2019
Revenues:		
General revenues	\$ 5,296,188	\$ 4,795,462
Program revenues	849,601	1,104,429
Total revenues	6,145,789	5,899,891
Functions/Program Expenses:		
Instruction	2,842,033	2,650,033
Instructional support services	1,964,344	2,024,545
Non-instructional services	1,589,535	1,641,265
Total governmental activities	6,395,912	6,315,843
Change in net position (deficit)	\$ (250,123)	\$ (415,952)

General revenues increased from prior year as a result of an increase in enrollment. Program revenues decreased due to no CSP Funding received in the current year. Instruction expenses increased due to the increase in enrollment. Non-instructional services decreased due to a decrease in operation of plant costs compared to the prior year.

Governmental Fund Expenditures: In the table below, we have presented the cost of the largest functions/programs as a percentage of total governmental expenditures:

Functions/Programs	2020		2019	
	Expenditures	Percent	Expenditures	Percent
Governmental expenditures:				
Instructional expenditures	\$ 2,471,748	40%	\$ 2,337,381	38%
Debt service	1,640,843	27%	1,475,932	24%
Operation and maintenance of plant	725,837	12%	776,644	13%
School administration	390,977	6%	427,791	7%
Student support services	236,117	4%	224,020	6%
All other functions/programs	<u>680,014</u>	<u>11%</u>	<u>907,361</u>	<u>12%</u>
Total governmental expenditures	\$ <u>6,145,536</u>	<u>100%</u>	\$ <u>6,149,129</u>	<u>100%</u>

Capital Assets and Debt Administration

Capital assets: At June 30, 2020, the School had capital assets of \$ 15,312,214 net of accumulated depreciation, invested in buildings, computer equipment, furniture, fixtures and equipment as compared to \$ 15,986,286 at June 30, 2019. A detailed schedule is on pages 22 and 23 in the notes to the basic financial statements.

Debt: At June 30, 2020, the School had outstanding debt of \$ 19,839,644 as compared to \$ 20,274,542 at June 30, 2019. The debt relates to bonds issued to finance the acquisition of the School's facilities and equipment. Additional information on the School's debt can be found in Notes 7 and 8 on pages 23 and 24.

General Fund Budgetary Highlights

The School had an enrollment shortfall which resulted in lower state source revenues than budgeted. Total expenditures were favorable to budget mainly due to the enrollment shortfall as well as savings in school administration, capital outlay maintenance and operation of plant due to the School being closed during the last quarter of the school year for Covid-19. Savings in fiscal services were a result of less cost reimbursements and management fees than anticipated. Overall, the School ended the year with a change in fund balance that was favorable to budget by \$ 253.

Economic Factors and Next Year's Budget

In fiscal year 2020, the State of Florida increased its Florida Education Finance Program base funding, safe schools and mental health initiative allocations. The capital outlay funding pool increased to \$ 158 million. A 2% merit increase was also paid out to eligible staff.

For fiscal year 2021, capital outlay revenue was assumed at a flat rate in comparison to the current rate per student. The budgets reflect the Florida Education Finance Program funding increase to fund teacher salary increases. A 2% merit increase for all staff was also budgeted. All other expenditures are budgeted in alignment with enrollment changes and the School's strategic objectives.

Requests for Information

If you have questions about this report or need additional information, please contact Maria C. Garzon, Controller - Schools; Charter Schools USA; 800 Corporate Drive, Suite 500; Fort Lauderdale, Florida 33334.



BASIC FINANCIAL STATEMENTS

**Keefe
McCullough**
CPA's + Trusted Advisors



Collier Charter Academy
Statement of Net Position (Deficit)
June 30, 2020

	Governmental Activities
Current Assets:	
Cash and cash equivalents	\$ 501,544
Other receivables	3,986
Due from other governments	34,930
Due from Agency Fund	663
Due from related parties	147,295
Due from management company	253,163
Prepaid items	87,394
Deposits	10,430
Interest receivable	14
Restricted investments	<u>224,793</u>
Total current assets	1,264,212
Noncurrent Assets:	
Restricted investments	1,484,649
Capital assets (depreciable), net of accumulated depreciation	<u>15,312,214</u>
Total noncurrent assets	<u>16,796,863</u>
Total assets	<u>18,061,075</u>
Current Liabilities:	
Accounts payable and accrued liabilities	19,183
Salaries and wages payable	187,195
Compensated absences	17,901
Accrued interest payable	48,918
Bonds payable	<u>300,000</u>
Total current liabilities	<u>573,197</u>
Noncurrent Liabilities:	
Compensated absences	5,967
Bonds payable	<u>19,539,644</u>
Total noncurrent liabilities	<u>19,545,611</u>
Total liabilities	<u>20,118,808</u>
Commitments (Note 9)	-
Net Position (Deficit):	
Net investment in capital assets (deficit)	(3,042,781)
Restricted for repair and replacement reserves	141,281
Unrestricted	<u>843,767</u>
Total net position (deficit)	<u>\$ (2,057,733)</u>

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

**Collier Charter Academy
Statement of Activities
For the Year Ended June 30, 2020**

	<u>Expenditures</u>	<u>Program Revenues</u>			<u>Governmental</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net Revenue (Expense) and Change in Net Position</u>
Functions/Programs:					
Instruction	\$ 2,842,033	\$ -	\$ 104,897	\$ -	\$ (2,737,136)
Student support services	236,117	-	-	-	(236,117)
Instruction and curriculum development services	4,403	-	1,298	-	(3,105)
Instructional staff training services	23,630	-	18,174	-	(5,456)
Instruction related technology	110,797	-	-	-	(110,797)
Board	24,750	-	-	-	(24,750)
School administration	390,977	-	-	-	(390,977)
Fiscal services	35,499	-	-	-	(35,499)
Food services	156,985	49,093	85,289	-	(22,603)
Central services	112,156	-	-	-	(112,156)
Transportation services	75,608	-	36,456	-	(39,152)
Operation of plant	948,223	-	57,565	-	(890,658)
Maintenance of plant	174,589	-	-	-	(174,589)
Community services	54,857	168,293	-	-	113,436
Interest and other fees	1,205,288	-	-	328,536	(876,752)
Total governmental activities	\$ <u>6,395,912</u>	\$ <u>217,386</u>	\$ <u>303,679</u>	\$ <u>328,536</u>	<u>(5,546,311)</u>
General revenues:					
Grants and entitlements					5,267,787
Investment earnings					28,270
Miscellaneous					131
					<u>5,296,188</u>
Total general revenues					<u>5,296,188</u>
Change in net position					(250,123)
Net position (deficit), July 1, 2019					<u>(1,807,610)</u>
Net position (deficit), June 30, 2020					\$ <u><u>(2,057,733)</u></u>

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

**Collier Charter Academy
Balance Sheet - Governmental Funds
June 30, 2020**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Outlay Fund</u>	<u>Total</u>
Assets:				
Cash and cash equivalents	\$ 501,544	\$ -	\$ -	\$ 501,544
Other receivables	3,986	-	-	3,986
Due from Agency Fund	663	-	-	663
Due from related parties	147,295	-	-	147,295
Due from other funds	33,646	-	-	33,646
Due from other governments	-	8,374	26,556	34,930
Due from management company	253,163	-	-	253,163
Prepaid items	87,394	-	-	87,394
Deposits	10,430	-	-	10,430
Interest receivable	14	-	-	14
Restricted investments	1,709,442	-	-	1,709,442
	<u>1,709,442</u>	<u>-</u>	<u>-</u>	<u>1,709,442</u>
Total assets	<u>\$ 2,747,577</u>	<u>\$ 8,374</u>	<u>\$ 26,556</u>	<u>\$ 2,782,507</u>
Liabilities:				
Accounts payable and accrued liabilities	\$ 19,183	\$ -	\$ -	\$ 19,183
Salaries and wages payables	187,195	-	-	187,195
Due to other funds	-	7,090	26,556	33,646
	<u>-</u>	<u>7,090</u>	<u>26,556</u>	<u>33,646</u>
Total liabilities	<u>206,378</u>	<u>7,090</u>	<u>26,556</u>	<u>240,024</u>
Deferred Inflows of Resources:				
Unavailable revenues	-	1,284	-	1,284
	<u>-</u>	<u>1,284</u>	<u>-</u>	<u>1,284</u>
Commitments (Note 9)				
	-	-	-	-
Fund Balances:				
Nonspendable:				
Prepaid items	87,394	-	-	87,394
Deposits	10,430	-	-	10,430
Restricted for debt service	1,511,050	-	-	1,511,050
Restricted for repair and replacement reserves	141,281	-	-	141,281
Assigned to subsequent year's budget	32,824	-	-	32,824
Unassigned	758,220	-	-	758,220
	<u>758,220</u>	<u>-</u>	<u>-</u>	<u>758,220</u>
Total fund balances	<u>2,541,199</u>	<u>-</u>	<u>-</u>	<u>2,541,199</u>
Total liabilities deferred inflows and fund balances	<u>\$ 2,747,577</u>	<u>\$ 8,374</u>	<u>\$ 26,556</u>	<u>\$ 2,782,507</u>

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

**Collier Charter Academy
 Reconciliation of the Balance Sheet of Governmental Funds
 to the Statement of Net Position (Deficit)
 June 30, 2020**

Total Fund Balances - Governmental Funds \$ 2,541,199

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.

Cost of capital assets	\$ 17,245,597	
Less accumulated depreciation	<u>(1,933,383)</u>	15,312,214

Unavailable revenue in the governmental funds is susceptible to full accrual in the government-wide statements.

1,284

Liabilities not payable with current available resources are not reported as fund liabilities in the governmental fund statements. All liabilities both current and long-term, are reported in the government-wide statements.

Compensated absences	\$ (23,868)	
Accrued interest payable	(48,918)	
Bonds payable	<u>(19,839,644)</u>	<u>(19,912,430)</u>

Net Position (Deficit) of Governmental Activities \$ (2,057,733)

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

**Collier Charter Academy
Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2020**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Outlay Fund</u>	<u>Total</u>
Revenues:				
Federal through state	\$ -	\$ 135,757	\$ -	\$ 135,757
State sources	5,386,585	1,292	328,536	5,716,413
Local sources	125,326	-	-	125,326
Aftercare	168,293	-	-	168,293
	<u>5,680,204</u>	<u>137,049</u>	<u>328,536</u>	<u>6,145,789</u>
Total revenues				
Expenditures:				
Instruction	2,442,733	29,015	-	2,471,748
Student support services	236,117	-	-	236,117
Instruction and curriculum development services	3,105	1,298	-	4,403
Instructional staff training services	5,456	18,174	-	23,630
Instruction related technology	110,797	-	-	110,797
Board	24,750	-	-	24,750
School administration	390,977	-	-	390,977
Fiscal services	35,499	-	-	35,499
Food services	71,696	85,289	-	156,985
Central services	112,156	-	-	112,156
Transportation services	75,608	-	-	75,608
Operation of plant	551,248	-	-	551,248
Maintenance of plant	174,589	-	-	174,589
Community services	54,857	-	-	54,857
Capital outlay	81,329	-	-	81,329
Debt service:				
Principal	435,450	-	-	435,450
Interest on long-term debt	876,857	-	328,536	1,205,393
	<u>5,683,224</u>	<u>133,776</u>	<u>328,536</u>	<u>6,145,536</u>
Total expenditures				
Excess (deficiency) of revenues over expenditures	(3,020)	3,273	-	253
Other Financing Sources (Uses):				
Transfer out	-	(3,273)	-	(3,273)
Transfer in	3,273	-	-	3,273
	<u>3,273</u>	<u>(3,273)</u>	<u>-</u>	<u>-</u>
Total other financing sources				
Net change in fund balances	253	-	-	253
Fund Balances, July 1, 2019	<u>2,540,946</u>	<u>-</u>	<u>-</u>	<u>2,540,946</u>
Fund Balances, June 30, 2020	<u>\$ 2,541,199</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,541,199</u>

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

**Collier Charter Academy
 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 - Governmental Funds		\$	253
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>			
<p>Governmental funds report capital outlay as expenditures; however, in the statement of activities, the costs of those assets are depreciated over their estimated useful lives.</p>			
Expenditures for capital assets	\$	81,329	
Less current year provision for depreciation		<u>(755,401)</u>	(674,072)
<p>Repayment of debt principal is an expenditure in the governmental funds, but the payment reduces long-term liabilities in the statement of net position.</p>			
Retirement of bonds payable			435,450
<p>Certain items reported in the statement of activities do not require the use of current financial resources, and therefore, are not reported as expenditures in the governmental funds.</p>			
Provision for amortization of bond discount	\$	(552)	
Change in accrued interest payable		657	
Change in compensated absences		<u>(11,859)</u>	<u>(11,754)</u>
Change in Net Position of Governmental Activities		\$	<u><u>(250,123)</u></u>

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

**Collier Charter Academy
Statement of Revenues and Expenditures -
Budget and Actual - General Fund
For the Year Ended June 30, 2020**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
State sources	\$ 5,949,110	\$ 5,386,585	\$ (562,525)
Local sources	177,369	125,326	(52,043)
Aftercare	284,564	168,293	(116,271)
	<u>6,411,043</u>	<u>5,680,204</u>	<u>(730,839)</u>
Expenditures:			
Instruction	2,484,131	2,442,733	41,398
Student support services	252,309	236,117	16,192
Instructional media services	8,957	-	8,957
Instruction and curriculum development services	-	3,105	(3,105)
Instructional staff training services	18,989	5,456	13,533
Instruction related technology	73,629	110,797	(37,168)
Board	27,316	24,750	2,566
School administration	588,487	390,977	197,510
Fiscal services	427,669	35,499	392,170
Food services	80,639	71,696	8,943
Central services	108,523	112,156	(3,633)
Transportation services	95,984	75,608	20,376
Operation of plant	606,498	551,248	55,250
Maintenance of plant	249,724	174,589	75,135
Community services	87,380	54,857	32,523
Capital outlay	176,095	81,329	94,766
Debt service:			
Principal	285,000	435,450	(150,450)
Interest on long-term debt	839,713	876,857	(37,144)
	<u>6,411,043</u>	<u>5,683,224</u>	<u>727,819</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(3,020)</u>	<u>(3,020)</u>
Other Financing Sources (Uses):			
Transfer in	<u>-</u>	<u>3,273</u>	<u>3,273</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 253</u>	<u>\$ 253</u>

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

**Collier Charter Academy
Statement of Revenues and Expenditures -
Budget and Actual - Special Revenue Fund
For the Year Ended June 30, 2020**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Federal sources:			
National School Lunch Program	\$ 142,403	\$ 83,997	\$ (58,406)
Title II	-	39,420	39,420
Title III	-	9,067	9,067
Federal Emergency Management Agency	-	3,273	3,273
State sources:			
National School Lunch Program	-	1,292	1,292
 Total revenues	 <u>142,403</u>	 <u>137,049</u>	 <u>(5,354)</u>
Expenditures:			
Instruction	-	29,015	(29,015)
Instruction and curriculum development services	-	1,298	(1,298)
Instructional staff training services	-	18,174	(18,174)
Food services	124,007	85,289	38,718
Community services	18,396	-	18,396
 Total expenditures	 <u>142,403</u>	 <u>133,776</u>	 <u>8,627</u>
 Excess of revenues over expenditures	 -	 3,273	 3,273
Other Financing Sources (Uses):			
Transfer out	-	(3,273)	(3,273)
 Net change in fund balance	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ -</u>

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

Collier Charter Academy
Statement of Assets and Liabilities - Agency Fund
June 30, 2020

	<u>Student Activity</u>
Assets:	
Cash	\$ <u>73,783</u>
Total assets	\$ <u><u>73,783</u></u>
Liabilities:	
Due to students	\$ 73,120
Due to General Fund	<u>663</u>
Total liabilities	\$ <u><u>73,783</u></u>

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

Note 1 - Organization and Operations

The Southwest Charter Foundation, Inc. (the "Foundation"), formerly known as the Lee Charter Foundation, Inc., was organized in September 2001 as a Florida nonprofit corporation. Collier Charter Academy (the "School") is a Department of the Foundation and is established as a charter school for students from kindergarten to eighth grade in Collier County. For the year ended June 30, 2020, the School served students in kindergarten through seventh grade. There were 651 students enrolled for the 2019/2020 school year.

The financial statements of Collier Charter Academy, a Department of Southwest Charter Foundation, Inc. and a component unit of the School District of Collier County, Florida, present only the balances, activity and disclosures related to the School. They do not purport to, and do not, present fairly the financial position of Southwest Charter Foundation, Inc. as of June 30, 2020, and its changes in financial position or budgetary comparisons, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Note 2 - Summary of Significant Accounting Policies

Reporting entity: The School operates under a charter granted by the sponsoring School District, the Collier County School District. The current charter is effective until June 2021. At the end of the term of the charter, the School District may choose not to renew the charter under grounds specified in the charter in which case the School District is required to notify the School in writing at least ninety days prior to the charter's expiration. During the term of the charter, the School District may also terminate the charter if good cause is shown. Collier Charter Academy is considered a component unit of the School District of Collier County, Florida.

The School may also be financially accountable if an organization is fiscally dependent on the School regardless of whether the organization has a separately elected governing board, a governing board appointed by another government, or a jointly approved board. In addition, component units can be other organizations for which the nature and significance of their relationship with the School are such that exclusion would cause the basic financial statements to be misleading or incomplete.

As a result of evaluating the above criteria, management has determined that no component units exist for which the School is financially accountable which would require inclusion in the School's basic financial statements.

Basis of presentation: Based on the guidance provided in the American Institute of Certified Public Accountants Audit and Accounting Guide - Not-for-Profit Organizations and provisions of Section 228.056, Florida Statutes, the School is presented as a governmental organization for financial statement reporting purposes.

Government-wide financial statements: Government-wide financial statements, including the statement of net position and the statement of activities, present information about the School as a whole.

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

Note 2 - Summary of Significant Accounting Policies (continued)

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

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

The School's major governmental funds are as follows:

General Fund - This fund is used to account for all operating activities of the School except for those required to be accounted for in another fund.

Special Revenue Fund - This fund is used to account for federal grants and certain state grants that are legally restricted to expenditures for particular purposes.

Capital Project Fund - This fund is used to account for state and local capital outlay funding that is legally restricted to expenditures for particular purposes.

Additionally, the School reports separately the following fiduciary fund type:

Agency Fund - This fund is used to administer funds raised and earned by the various clubs and activities that are part of the School.

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

The government-wide financial statements are prepared using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of the related cash flows.

Governmental fund financial statements are prepared using the modified accrual basis of accounting. Revenues are recognized when they become 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 pay liabilities of the current period. The School considers revenues to be available if they are collected within sixty days of the end of the current period. Under the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized when due. 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.

Note 2 - Summary of Significant Accounting Policies (continued)

The Agency Fund has no measurement focus but utilizes the accrual basis of accounting for reporting.

Cash and cash equivalents: The School maintains its cash accounts with one financial institution. The School's accounts at this institution, at times, may exceed the federally insured limit. The School has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk (Note 3).

Prepaid items: Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Due to and due from other funds and transfers: Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. The balances result from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made. Transfers are used to move revenues from the fund that is required to collect them to the fund that incurred the reimbursable expenditures in the prior year.

Revenue recognition: Student funding is provided by the State of Florida through the School District. Such funding is recorded as entitlement revenue in the government-wide financial statements and state source revenue in the fund financial statements. This funding is received on a prorate basis over a twelve-month period and is adjusted for changes in full-time equivalent (FTE) student population.

Income taxes: The School is a department of a nonprofit corporation. Revenue of the School is derived primarily from other governmental entities. The School is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in these basic financial statements.

Capital assets: Property and equipment purchased or acquired are capitalized at historical cost or estimated historical cost. Capital assets are defined by the School as assets with an initial cost of \$ 750 and useful life of over one year. Donated property and equipment are reported at acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized and depreciated over the remaining useful lives of the related capital assets. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation on all assets is provided on the straight-line basis over the estimated useful lives as follows:

Buildings	40 years
Furniture, fixtures and equipment	5 years
Computer equipment	3 years

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

Note 2 - Summary of Significant Accounting Policies (continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The School does not have one item that qualifies for reporting in this category. The governmental funds report unavailable revenues that are deferred and recognized as an inflow of resources in the period that the amounts become available.

Unearned revenue: Unearned revenue arises when the School receives resources before it has a legal claim to them.

Compensated absences: The School's policy permits employees to accumulate earned but unused paid time off, which is eligible for payment upon separation from service. The liability for such leave is reported as incurred in the government-wide financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable. Payments for compensated absences are generally paid out of the General Fund.

Net position: Net position is classified in three categories. The general meaning of each is as follows:

- Net investment in capital assets (deficit) - represents the difference between the cost of capital assets, less accumulated depreciation.
- Restricted - consists of net position with constraints placed on their 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 (deficit) - indicates that portion of net position that will need to be funded by future operations.

Fund balance: The governmental fund financial statements present fund balances based on the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement provides more clearly defined fund balance classifications and also sets a hierarchy which details how the School may spend funds based on certain constraints. The following are the fund balance classifications used in the governmental fund financial statements:

- Nonspendable - this classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The School classifies inventories, prepaid items, long-term notes receivable and deposits as nonspendable since they are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- Restricted - this classification includes amounts that are restricted for specific purposes by external parties such as grantors and creditors or are imposed by law through constitutional provisions or enabling legislation.

Note 2 - Summary of Significant Accounting Policies (continued)

- Committed - this classification includes amounts that can be used for specific purposes voted on through formal action of the Board of Directors (the highest level of decision-making authority). The committed amount cannot be used for any other purpose unless the Board of Directors removes or changes the commitment through formal action.
- Assigned - this classification includes amounts that the Board of Directors intends to use for a specific purpose, but they are neither restricted nor committed. The School classifies existing fund balance to be used in the subsequent year's budget for elimination of a deficit as assigned.
- Unassigned - this classification includes amounts that have not been restricted, committed or assigned for a specific purpose within the General Fund.

The details of the fund balances are included in the Governmental Funds Balance Sheet on page 10.

When the School incurs expenditures for which restricted or unrestricted fund balance is available, the School would consider restricted funds to be spent first. When the School has expenditures for which committed, assigned or unassigned fund balance is available, the School would consider committed funds to be spent first, then assigned funds and lastly unassigned funds.

Budget: An operating budget is adopted and maintained by the governing board for the School pursuant to the requirements of Florida Statutes. The budget is adopted using the same basis of accounting that is used in the preparation of the basic financial statements.

Use of estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Date of Management Review: The School has evaluated subsequent events through August 27, 2020, which is the date that the financial statements were available to be issued.

Note 3 - Cash and Cash Equivalents

At June 30, 2020, the carrying amount of the deposits and cash on hand totaled \$ 575,327 with a bank balance of \$ 647,422.

State statutes require, and it is the School's policy, that all deposits be made into, and be held by, financial institutions designated by the Treasurer of the State of Florida as "qualified public depositories" as defined by Chapter 280 of the Florida Statutes. This Statute requires that every qualified public depository institution maintain eligible collateral to secure the public entity's funds. The minimum collateral to be pledged by an institution, the collateral eligible for pledge, and reporting requirements of the qualified public depositor to the Treasurer is defined by the Statute. Collateral is pooled in a multiple qualified public depository institution pool with the ability to assess members of the pool should the need arise. The School's deposits are held in a qualified public depository. They are covered by the collateral pool, as the School has identified itself as a public entity at June 30, 2020.

Note 4 - Due From Related Parties

The School is a Department of Southwest Charter Foundation, Inc. ("SCF"). As of June 30, 2020, SCF owes the School \$ 2,652 for funding yet to be distributed to the School and for board of directors' expenses that were prepaid by the School.

The School and Bonita Springs Charter School ("BSCS") are related, as they share common board membership and are Departments of SWCF. As of June 30, 2020, the financial statements include an amount due from BSCS in the General Fund of \$ 144,643 for shared expenses.

Note 5 - Restricted Investments

Previously, SCF issued bonds to finance the acquisition of facilities and equipment for two of their schools, including Collier Charter Academy (Note 7). The restricted investments of the School are held by the Trustee and are governed by the Bond Indenture. At June 30, 2020, the School has \$ 1,709,442 invested in a money market fund that is stated at amortized cost which approximates fair value.

Generally, *credit risk* is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. The exposure to credit risk is limited because the money market fund is rated Aaa-mf by Moody's.

Interest rate risk is the risk that changes in interest rate will adversely affect the fair value of an investment. The exposure to declines in fair values is limited because the weighted average maturity of the money market fund is thirty one days.

Note 6 - Capital Assets

Capital asset balances and activity for the year ended June 30, 2020 are as follows:

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
Capital assets, depreciable:				
Buildings	\$ 15,879,000	\$ -	\$ -	\$ 15,879,000
Furniture, fixtures and equipment	686,860	17,514	-	704,374
Computer equipment	598,408	63,815	-	662,223
	<u>17,164,268</u>	<u>81,329</u>	<u>-</u>	<u>17,245,597</u>
Total capital assets, depreciable				
Accumulated depreciation:				
Buildings	661,625	396,975	-	1,058,600
Furniture, fixtures and equipment	216,945	140,470	-	357,415
Computer equipment	299,412	217,956	-	517,368
	<u>1,177,982</u>	<u>755,401</u>	<u>-</u>	<u>1,933,383</u>
Total accumulated depreciation				
Net capital assets	\$ <u>15,986,286</u>	\$ <u>(674,072)</u>	\$ <u>-</u>	\$ <u>15,312,214</u>

Note 6 - Capital Assets (continued)

Provision for depreciation was charged to governmental activities as follows:

Instruction	\$	358,426
Operation of plant		<u>396,975</u>
Total	\$	<u><u>755,401</u></u>

Note 7 - Bonds Payable

Previously, the Florida Development Finance Corporation (the "Corporation") issued \$ 40,485,000 in Tax Exempt Educational Facilities Revenue Bonds, Series 2017A and \$ 365,000 in Taxable Educational Facilities Revenue Bonds, Series 2017B pursuant to an Indenture of Trust between the Corporation and a Trustee to make a loan to Southwest Charter Foundation, Inc. ("SCF"), a division of which the School exists to finance the acquisition of the facilities and equipment of two charter schools existing under SCF. The Series 2017A Bonds bear interest at 5.125% through June 2027, then at 6.000% through June 2037 and finally at 6.125% through June 2047. The Series 2017B Bonds bear interest at 6.375% through June 2020. Principal and interest will be paid semi-annually on June 15 and December 15. In order to secure the payment of the principal and interest on the Bonds, the Corporation assigned all of its rights and interest in the loan agreement to the Trustee. The Bonds are payable from and secured by a lien upon and pledge of payments to be received by the Trustee.

The School's share of the annual debt service requirements to maturity for the Series 2017 Bond is as follows:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 300,000	\$ 1,190,480	\$ 1,490,480
2022	315,000	1,174,863	1,489,863
2023	335,000	1,158,200	1,493,200
2024	350,000	1,140,819	1,490,819
2025	370,000	1,122,523	1,492,523
2026-2030	2,160,000	5,287,835	7,447,835
2031-2035	2,905,000	4,548,260	7,453,260
2036-2040	3,895,000	3,538,895	7,433,895
2041-2045	5,270,000	2,157,652	7,427,652
2046-2047	3,954,550	348,298	4,302,848
	<u>\$ 19,854,550</u>	<u>\$ 21,667,825</u>	<u>\$ 41,522,375</u>

Collier Charter Academy
Notes to Basic Financial Statements
June 30, 2020

Note 8 - Long-Term Liabilities

Changes in the School's long-term liabilities for fiscal year ended June 30, 2020, are as follows:

	Balance at July 1, 2019	Additions	Retirements	Amortization	Balance at June 30, 2020	Amount Due Within One Year
Series 2017 Educational Facilities Revenue Bonds, net of unamortized discount of \$ 14,906 Compensated absences	\$ 20,274,542	\$ -	\$ 435,450	\$ 552	\$ 19,839,644	\$ 300,000
	<u>12,009</u>	<u>16,687</u>	<u>4,828</u>	<u>-</u>	<u>23,868</u>	<u>17,901</u>
	<u>\$ 20,286,551</u>	<u>\$ 16,687</u>	<u>\$ 440,278</u>	<u>\$ 552.00</u>	<u>\$ 19,863,512</u>	<u>\$ 317,901</u>

Note 9 - Commitments

Land lease agreement: Concurrent with the Series 2017 Bond issuance (Note 7), Red Apple Development, LLC and subsidiaries ("RAD") entered into two land lease agreements with SCF. The land which is owned by RAD is leased by SCF on behalf of the schools under a 45-year lease. In addition to rent, SCF shall pay to RAD the total cost of ad valorem taxes, assessments and levies imposed upon the premises. Total cost to the School for the lease was \$ 73,071 for the year ended June 30, 2020.

The following is a schedule of the School's future base rent payments as of June 30, 2020:

Year Ending June 30,	
2021	\$ 74,528
2022	76,020
2023	77,538
2024	79,092
2025	80,680
2026-2030	428,238
2031-2035	472,810
2036-2040	522,008
2041-2045	576,366
2046-2050	636,338
2051-2055	702,558
2056-2060	775,702
2061-2062	<u>303,994</u>
	<u>\$ 4,805,872</u>

Management agreement: The School has a formal agreement with Charter Schools USA at Collier, LLC ("CSUSA") to manage, staff, and operate the School. The agreement has an initial term which expires in June 2021. It will automatically renew for five-year periods unless terminated by either party. The agreement states that CSUSA shall be entitled to cost reimbursements and management fees (the "fee") for its services, subject to availability of funds. The fee is subordinated to all bond payment requirements (Note 7). The fee ranges from \$ 1,334,061 for fiscal year 2021 to \$ 2,565,368 for fiscal year 2046 as defined in the agreement or the budgeted amount approved by the Board of Directors based on enrollment and School performance. Total cost reimbursements and management fees amounted to \$ 29,335 for the year ended June 30, 2020.

Note 9 - Commitments (continued)

The financial statements reflect a due from management company which totaled \$ 253,163 at June 30, 2020.

Post-retirement benefits: The School does not provide post-retirement benefits to retired employees.

Note 10 - Employee Benefit Plan

During the year ended June 30, 2020, the School offered all of its full-time employees who had attained 21 years of age, a retirement plan (the “Plan”) under Internal Revenue Code Section 401(k). The employee is allowed to contribute up to a maximum of 100% of his/her annual gross compensation, subject to certain limitations. The Plan provides for a discretionary employer matching contribution of the participant’s annual elective deferral to the Plan. As determined annually by the School’s management, the School may also make a discretionary profit sharing contribution, which is allocated among the participants based on a pro rata formula. Participants are immediately vested in their own contributions and earnings on those contributions. Participants become vested in School contributions and earnings on School contributions according to the following schedule:

<u>Years of Service</u>	<u>Vesting Percentage</u>
1	25%
2	50%
3	75%
4	100%

Nonvested contributions are forfeited upon termination of employment and such forfeitures are used to reduce any employer contribution. For the Plan year ending December 31, 2019, the School had forfeitures of \$ 385. For the year ended June 30, 2020, the School contributed a matching amount of \$ 8,255.

Note 11 - Capital Appropriations Funding

The Florida Department of Education has approved a Charter School Capital Outlay (CSCO) award for the School. In each year that funds are appropriated by the state for charter school capital outlay purposes those funds are allocated among eligible charter schools. The funds for the School’s allocation are transferred to the School once a CSCO Plan has been provided to and approved by the sponsoring district. The School’s CSCO Award totaled \$ 328,536 for the 2019/2020 school year which has been recognized as revenue in the accompanying basic financial statements. If the CSCO funds are used to acquire tangible property assets, the School board has a reversionary interest in those assets. In the event of nonrenewal, termination, or breach of the charter school agreement, ownership of the assets would automatically revert to the School board. The School has elected to use these funds to pay a portion of the interest expense on the bonds payable.

Note 12 - Risk Management

The School is exposed to various risks of loss related to torts, thefts of, damage to, and destruction of assets and natural disasters. The School has obtained property insurance from commercial companies including, but not limited to, general liability and errors and omissions insurance. There were no claims in excess of insurance coverage limits during the past three years.

As disclosed in Note 9, CSUSA employs all of the employees of the School. As a result, the School is not exposed to medical or workers' compensation claims for these individuals. In addition, CSUSA carries all required insurance including, but not limited to, general liability and errors and omissions insurance.

Note 13 - Risks and Uncertainties

In March 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) a pandemic. As a result, the local and global financial markets are experiencing significant declines and creating economic uncertainties. At this time, it is unknown precisely how this negative outlook will impact the Organization's financial statements in the future. No adjustments have been made to the accompanying financial statements as a result of the current events.

OTHER INDEPENDENT
AUDITOR'S REPORTS

Keefe
McCullough
CPA's + Trusted Advisors

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
Collier Charter Academy
A Department of Southwest Charter Foundation, Inc.
Naples, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Collier Charter Academy (the "School"), a Department of Southwest Charter Foundation, Inc. and a component unit of the School District of Collier County, Florida, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated August 27, 2020.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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.



KEEFE McCULLOUGH

Fort Lauderdale, Florida
August 27, 2020

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF DIRECTORS

To the Board of Directors
Collier Charter Academy
A Department of Southwest Charter Foundation, Inc.
Naples, Florida

Report on the Financial Statements

We have audited the basic financial statements of Collier Charter Academy (the "School"), a Department of Southwest Charter Foundation, Inc. and a component unit of the School District of Collier County, Florida, as of and for the year ended June 30, 2020, and have issued our report thereon dated August 27, 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 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 27, 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 recommendations made in the preceding audit report.

Official Title

Section 10.854(1)(e)5., Rules of the Auditor General, requires that the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title and the school code assigned by the Florida Department of Education are Collier Charter Academy and 119036.

CPA's + Trusted Advisors

Financial Condition and Management

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

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

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

Transparency

Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether the School maintains on its 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 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 and applicable management and is not intended to be and should not be used by anyone other than these specified parties.



KEEFE McCULLOUGH

Fort Lauderdale, Florida
August 27, 2020