

CROSSROAD ACADEMY CHARTER SCHOOL
(A DIVISION OF COMMUNITY AND
ECONOMIC DEVELOPMENT
ORGANIZATION OF GADSDEN COUNTY, INC.)

FINANCIAL STATEMENTS

JUNE 30, 2020

**CROSSROAD ACADEMY CHARTER SCHOOL
(A DIVISION OF COMMUNITY AND ECONOMIC DEVELOPMENT
ORGANIZATION OF GADSDEN COUNTY, INC.)
JUNE 30, 2020**

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Brooks, Harrison, & Cayer, LLC

Certified Public Accountants



INDEPENDENT AUDITORS' REPORT

To the Board of Directors,
Crossroad Academy Charter School:

We have audited the accompanying special purpose financial statements of Crossroad Academy Charter School (a division of Community and Economic Development Organization of Gadsden County, Inc.), which comprise the statement of financial position as of June 30, 2020 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 of 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 the 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 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 obtained is sufficient and appropriate to provide a basis for our audit opinion.

As discussed in Note 1(c) to the special purpose financial statements, the accompanying financial statements were prepared for the purpose of complying with Section 218.39, Florida Statutes, and Section 10.856(2), Rules of the Auditor General for Audits of Charter Schools and Similar Entities, and are intended to present the financial position and the changes in net assets and its cash flows of only that portion of the financial reporting entity of Community and Economic Development Organization of Gadsden County, Inc. that is attributable to the transactions of Crossroad Academy Charter School. These financial statements do not purport to, and do not, present fairly the financial position of Community and Economic Development Organization of Gadsden County, Inc. as of June 30, 2020 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Opinion

In our opinion, the special purpose financial statements referred to above present fairly, in all material respects, the financial position of Crossroad Academy Charter School as of June 30, 2020 and the changes in net assets and its cash flows for the year then ended in conformity with the basis of accounting described in Note 1(c).

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 14, 2020, on our consideration of Crossroad Academy Charter School's internal control over financial reporting and 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 the 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 Crossroad Academy Charter School's internal control over financial reporting and compliance.

Brooks, Harrison & Cuyler

Tallahassee, Florida
September 14, 2020

**CROSSROAD ACADEMY CHARTER SCHOOL
(A DIVISION OF COMMUNITY AND ECONOMIC DEVELOPMENT
ORGANIZATION OF GADSDEN COUNTY, INC.)
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2020**

ASSETS

Current assets	
Cash and cash equivalents	\$ 4,608,800
Certificate of deposit	265,975
Accounts receivable	61,211
Prepaid expenses	37,582
Total current assets	4,973,568
 Designated assets	
Cash for PTO and student activities	45,873
Cash for debt service	450,553
Cash for reserve	148,794
Total designated assets	645,220
 Property and equipment, net of accumulated depreciation of \$1,555,117	
	4,014,440
 Total Assets	 \$ 9,633,228

LIABILITIES AND NET ASSETS

Current liabilities	
Current portion of notes payable	\$ 79,215
Accounts payable and accrued expenses	400,012
Accrued interest	39,124
Total current liabilities	518,351
Notes payable, less current portion	2,090,708
 Net assets	
Net assets, without donor restrictions	7,024,169
Net assets, with donor restrictions	-
Total net assets	7,024,169
 Total Liabilities and Net Assets	 \$ 9,633,228

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

**CROSSROAD ACADEMY CHARTER SCHOOL
(A DIVISION OF COMMUNITY AND ECONOMIC DEVELOPMENT
ORGANIZATION OF GADSDEN COUNTY, INC.)
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

Support and revenues	
Federal through state	\$ 233,493
Revenue from state sources	3,788,605
Revenue from local sources	<u>251,038</u>
Total support and revenues	<u>4,273,136</u>
 Expenses	
Program services	
School operations	2,813,830
Supporting services	
Management and general	<u>877,563</u>
Total expenses	<u>3,691,393</u>
 Increase in net assets, without donor restrictions	 <u>581,743</u>
 Net assets, without donor restrictions, beginning of year	 6,442,426
 Net assets, without donor restrictions, end of year	 <u><u>\$ 7,024,169</u></u>

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

CROSSROAD ACADEMY CHARTER SCHOOL
(A DIVISION OF COMMUNITY AND ECONOMIC DEVELOPMENT
ORGANIZATION OF GADSDEN COUNTY, INC.)
STATEMENT OF FUNCTIONAL EXPENSES
JUNE 30, 2020

	<u>Program Services</u>	<u>Supporting Services</u>	
	<u>School</u>	<u>Management</u>	
	<u>Operations</u>	<u>and General</u>	<u>Total Expenses</u>
Basic instruction	1,835,609	\$ -	\$ 1,835,609
Other instruction	131,363	-	131,363
Pupil personnel services	117,400	-	117,400
Instructional media services	24,499	-	24,499
Instruction and curriculum development services	89,554	-	89,554
Instructional staff training	29,067	-	29,067
Board administration	-	159,000	159,000
General administration	-	39,465	39,465
School administration	-	654,982	654,982
Facilities acquisition and construction	1,007	-	1,007
Fiscal services	2,813	-	2,813
Food services	75,847	-	75,847
Central services	-	24,116	24,116
Operation of plant	213,860	-	213,860
Maintenance of plant	222,767	-	222,767
Debt service	70,044	-	70,044
	<u>\$ 2,813,830</u>	<u>\$ 877,563</u>	<u>\$ 3,691,393</u>

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

**CROSSROAD ACADEMY CHARTER SCHOOL
(A DIVISION OF COMMUNITY AND ECONOMIC DEVELOPMENT
ORGANIZATION OF GADSDEN COUNTY, INC.)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020**

Cash flows from operating activities	
Cash received from grantors, programs and other	\$ 4,438,682
Cash paid to suppliers and employees	(3,494,639)
Interest income	4,722
Interest paid	(71,884)
Net cash provided by operating activities	876,881
 Cash flows from investing activities	
Purchases of property and equipment	(222,060)
Purchase of certificate of deposit	(393)
Net cash used in investing activities	(222,453)
 Cash flows from financing activities	
Payments on long-term debt	(75,985)
Proceeds from debt	554,502
Net cash provided by financing activities	478,517
Net increase in cash and cash equivalents	1,132,945
Cash and cash equivalents, beginning of year	4,121,075
Cash and cash equivalents, end of year	\$ 5,254,020
 Reconciliation of increase in net assets without donor restrictions to net cash provided by operating activities:	
Increase in net assets without donor restrictions	\$ 581,743
Adjustments to reconcile increase in net assets without donor restrictions to net cash provided by operating activities:	
Depreciation	144,566
Increase in prepaid expenses	(4,305)
Decrease in accounts receivable	170,268
Decrease in accounts payable and accrued expenses	(13,551)
Decrease in accrued interest	(1,840)
Total adjustments	295,138
Net cash provided by operating activities	\$ 876,881

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

**CROSSROAD ACADEMY CHARTER SCHOOL
(A DIVISION OF COMMUNITY AND ECONOMIC DEVELOPMENT
ORGANIZATION OF GADSDEN COUNTY, INC.)
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

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

The following is a summary of the more significant accounting policies and practices of Crossroad Academy Charter School (“the Organization”) which affect significant elements of the accompanying financial statements:

- (a) **Purpose of Crossroad Academy Charter School**—Crossroad Academy Charter School was formed to provide a year round, alternative educational system to assist “at risk” students in preparing academically, socially, and culturally to be responsible participants in our society.
- (b) **Basis of Accounting**—The financial statements of the Organization have been prepared on the accrual basis of accounting, and accordingly, reflect all significant receivables, payables and other liabilities.
- (c) **Basis of Presentation**—The financial statements were prepared solely for the purpose of complying with Chapter 10.850, Rules of the Auditor General of the State of Florida, and are not intended to be a complete presentation of Community and Economic Development Organization of Gadsden County, Inc.. The Organization has adopted the provisions of FASB Accounting Standards Codification (ASC) Topic 958, Not-For-Profit Entities. Accordingly, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets Without Donor Restrictions – Net assets that are not subject to usage restrictions based on donor-imposed requirements. This class also includes assets previously restricted where restrictions have expired or been met.

Net Assets With Donor Restrictions – Net assets subject to usage limitations based upon donor-imposed or grantor restrictions. These restrictions may be temporary or may be based upon a particular use. Restrictions may be met by the passage of time or by actions of the Organization. Certain restrictions may need to be maintained in perpetuity.

Earnings related to restricted net assets will be included in net assets without donor-restrictions unless otherwise specifically required to be included in donor-restricted net assets by the donor or by applicable state law.

The Organization does not interpret the guidance in the standard to include amounts restricted by USDA Rural Development as donor-restricted. The Organization believes that these amounts do not meet the spirit of the standard for such classification or is there any industry standard indicating that others will treat these as donor-restricted.

All net assets of the Organization at June 30, 2020, were considered to be net assets without donor restrictions.

- (d) **Functional Allocation of Expenses**—The Division provides low income housing to its tenants. The costs of providing program and supporting services have been summarized on a functional basis in the Statement of Functional Expenses. Expenses that are identified with a specific program or support service are charged directly to the appropriate function. There are no functional expenses that require allocation between activities.

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

CROSSROAD ACADEMY CHARTER SCHOOL
(A DIVISION OF COMMUNITY AND ECONOMIC DEVELOPMENT
ORGANIZATION OF GADSDEN COUNTY, INC.)
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

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

- (e) **Property and Equipment**—Property and equipment acquired by the Organization is considered to be owned by the Organization. However, funding sources may maintain an equitable interest in the property purchased with grant monies as well as the right to determine the use of any proceeds from the sale of these assets. The Federal Government has a reversionary interest in those assets purchased with its funds which have cost of \$5,000 or more and an estimated useful life of at least one year. The State of Florida has a reversionary interest in those assets purchased with funds which have a cost of \$1,000 or more and an estimated useful life of at least one year.

Property and equipment with a value greater than \$1,000 and an estimated useful life of at least one year is recorded at cost when purchased. Depreciation is computed using the straight-line method over the estimated useful life of the assets, ranging from five to thirty nine years.

- (f) **Cash and Cash Equivalents**—For the purpose of reporting cash flows, cash and cash equivalents include cash on hand, amounts due from banks, and certificates of deposit with original maturities of less than ninety days.
- (g) **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.
- (h) **Income Taxes**—The Organization is generally exempt from income taxes under Section 501 (c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes has been made in the accompanying financial statements.
- (i) **Advertising**—The Organization expenses advertising as incurred.
- (j) **Receivables**—Receivables are stated at the amount management expects to collect from balances outstanding at year-end. Based on management's assessment of the credit history with those having outstanding balances and current relationships with them, it has concluded that realization losses on balances outstanding at year-end will be immaterial.

(2) **Concentrations of Credit Risk:**

- (a) **Demand Deposits with Bank**—The Organization maintains cash deposits with banks. The Organization has no policy requiring collateral to support its cash deposits, although accounts at each bank are insured by the Federal Deposit Insurance Corporation.
- (b) **Receivables**—The Organization's receivables are for amounts due under contracts with the State of Florida and Federal and local government agencies. The Organization has no policy requiring collateral or other security to support its receivables.

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

CROSSROAD ACADEMY CHARTER SCHOOL
(A DIVISION OF COMMUNITY AND ECONOMIC DEVELOPMENT
ORGANIZATION OF GADSDEN COUNTY, INC.)
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

(3) Property and Equipment:

Property and equipment consists of the following at June 30, 2020:

Land	\$ 459,022
Construction in progress	35,465
Buildings and improvements	4,379,978
Computer equipment	536,203
Furniture and equipment	103,392
Vehicles	55,497
	<u>5,569,557</u>
Less: accumulated depreciation	1,555,117
	<u>\$ 4,014,440</u>

Depreciation expense for the year ended June 30, 2020 was \$144,566.

(4) Long-term Debt:

Long-term debt consisted of the following at June 30, 2020:

4.25% note payable to USDA Rural Development, payable in annual payments of \$147,870 including interest, due on December 4, 2034, collateralized by real property.	\$ 1,615,421
1.00% SBA Paycheck Protection Program loan, payable in at least 5 years. The interest is deferred and the loan is eligible for loan forgiveness.	554,502
	<u>2,169,923</u>
Less: Current portion of long-term debt	79,215
Long-term debt, less current portion	<u>\$ 2,090,708</u>

At June 30, 2020, note payable maturities were as follows:

<u>Year</u>	
2021	\$ 79,215
2022	82,581
2023	86,091
2024	89,750
2025	93,564
Thereafter	<u>1,738,722</u>
Total	<u>\$ 2,169,923</u>

Under the Loan Agreement with Rural Development, the Organization is required to make monthly deposits of \$1,233 into a reserve account until the balance reaches \$147,870.

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

CROSSROAD ACADEMY CHARTER SCHOOL
(A DIVISION OF COMMUNITY AND ECONOMIC DEVELOPMENT
ORGANIZATION OF GADSDEN COUNTY, INC.)
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

(5) **Profit Sharing Plan:**

The Organization offers a defined contribution pension plan set up under IRC401(a). The maximum contribution is 25% of eligible compensation. For the year ended June 30, 2020, the amount of retirement expense was \$150,000.

(6) **Risk Management:**

The Organization 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 Organization carries commercial insurance.

(7) **Liquidity and Availability:**

At June 30, 2020, the Organization has \$4,935,986 cash and cash equivalents available to meet needs for general expenses, consisting of \$4,608,800 in cash, \$265,975 in certificates of deposit, and \$61,211 in accounts receivables. None of the financial assets are subject to donor or other contractual restrictions. Accordingly, all such funds are available to meet the needs of the Organization in the next 12 months. In addition, the Organization may maintain funds in reserve or debt service accounts. These funds are used for the benefit of the school and/or Organization and are required by USDA Rural Development loan covenants. These funds may be withdrawn only with the approval of USDA Rural Development or for the intent they were established. Such funds are not considered by the Organization to have donor-restrictions, but are not used in the cash and cash equivalents available to meet the needs for general expenses.

(8) **Significant Funding Source:**

The Organization receives a substantial amount of its funding from the Gadsden County School Board. A significant reduction in the level of this funding, if this were to occur, could have an adverse effect on the Organization's programs and activities.

(9) **Subsequent Event:**

The Organization has evaluated events and transactions for potential recognition or disclosure in the financial statements through September 14, 2020, the date which the financial statements were available to be issued. No subsequent events have been recognized or disclosed.

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

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,
Crossroad Academy Charter School

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 Crossroad Academy Charter School, which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 14, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Crossroad Academy Charter 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 opinion on the effectiveness of Crossroad Academy Charter School's internal control. Accordingly, we do not express an opinion on the effectiveness of Crossroad Academy Charter 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 misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during the 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 Crossroad Academy Charter School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Brooks, Harrison & Cayer

Tallahassee, Florida
September 14, 2020

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

To the Board of Directors,
Crossroad Academy Charter School:

Report on the Financial Statements

We have audited the special purpose financial statements of Crossroad Academy Charter School (a division of Community and Economic Development Organization of Gadsden County, Inc.) as of and for the year ended June 30, 2020, and have issued our report thereon dated September 14, 2020.

Auditor 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 Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated September 14, 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 as to whether or not corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report. There were no findings identified in the preceding annual financial audit report.

Official Title

Section 10.854 (1)(e)5., Rules of the Auditor General, requires the name or official title of the charter school. Crossroad Academy Charter School (a division of Community and Economic Development Organization of Gadsden County, Inc.) was formed August 6, 1998 by the Community and Economic Development Organization of Gadsden County, Inc.

Financial Condition and Management

Section 10.854 (1)(e)2. And 10.855(11), Rules of the Auditor General, require that we apply appropriate procedures to determine whether or not the Charter School has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific conditions(s) met. In connection with our audit, we determined that the Crossroad Academy Charter School (a division of Community and Economic Development Organization of Gadsden County, Inc.) did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.854 (1)(e)6a and 10.855(12), Rules of the Auditor General, require that we apply financial condition assessment procedures for the Charter School. It is management's responsibility to monitor the Crossroad Academy Charter School's financial condition, and our financial condition assessment was based in part on representations made by management and the review of the financial information provided by same. The financial condition assessment was done as of June 30, 2020, and there were no deteriorating financial conditions required to be disclosed by the Rules of the Auditor General (Section 10.855(12)).

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

Transparency

Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require that we apply appropriate procedures to determine whether the Crossroad Academy Charter School (a division of Community and Economic Development Organization of Gadsden County, Inc.) maintains on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that the Crossroad Academy Charter School (a division of Community and Economic Development Organization of Gadsden County, Inc.) has not maintained on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes.

Additional Matters

Section 10.854 (1)(e)4., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

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

Books, Hanson & Cayer

Tallahassee, Florida
September 14, 2020