

**EXCELSIOR PREP CHARTER SCHOOL, INC.**

**A CHARTER SCHOOL  
AND COMPONENT UNIT OF THE  
HILLSBOROUGH COUNTY PUBLIC SCHOOLS, FLORIDA**

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT  
FOR THE YEAR ENDED JUNE 30, 2020**

**EXCELSIOR PREP CHARTER SCHOOL, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF THE  
HILLSBOROUGH COUNTY PUBLIC SCHOOLS  
JUNE 30, 2020**

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors

Excelsior Prep Charter School, Inc.  
Tampa, Florida

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

We have audited the accompanying financial statements of the governmental activities and each major fund of Excelsior Prep Charter School, Inc. (the "Charter School"), which is a component unit of the Hillsborough County Public Schools, Florida as of, and for the year ended June 30, 2020, which collectively comprises the Charter School's basic financial statements as listed in the table of contents 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.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audits 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 the provision of Chapter 10.850, Charter School's audit, issued by the Auditor General of the State of Florida. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the basic 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 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.

**INDEPENDENT AUDITORS' REPORT – Continued**

**Auditors' Responsibility (Continued)**

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

**Opinion**


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

**Other Matters-Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3–9 and 28–29 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 September 30, 2020, on our consideration of the Charter School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

  
Tampa, Florida  
September 30, 2020

**EXCELSIOR PREP CHARTER SCHOOL, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**YEAR ENDED JUNE 30, 2020**

As management of the Excelsior Prep Charter School, Inc. (the "Charter School"), we offer readers of the Charter School's financial statements this narrative overview and analysis of the financial activities of the Charter School for the fiscal year ended June 30, 2020. We encourage readers to consider the information presented here through page 8 of this report.

**Overview of the financial statements**

The discussion and analysis is intended to serve as an introduction to the Charter School's basic financial statements. The Charter School's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

*Government-wide financial statements*

The government-wide financial statements, which consist of the Statement of Net Position and the statement of activities, are designed to provide readers with a broad overview of the Charter School's finances, in a manner similar to a private sector business.

The statement of net position provides information on all the Charter School's assets and liabilities, with the difference between the two reported as Net Position. Over time, increases or decreases in Net Position may serve as a useful indicator of whether the financial position of the Charter School is improving or deteriorating. However, as a governmental entity, the Charter School's activities are not geared towards generating profit as are the activities of commercial entities. Other factors such as the safety at the Charter School and quality of education, must be considered in order to reasonably assess the Charter School's overall performance.

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

The government-wide financial statements can be found on pages 11-12 of this report.

**EXCELSIOR PREP CHARTER SCHOOL, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**YEAR ENDED JUNE 30, 2020**

*Fund Financial Statements*

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Charter School, like other state and local governmental entities, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Charter School has only one category of funds – governmental funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term, inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Charter 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 Charter School's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenue, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The basic governmental fund financial statements can be found on pages 14-17 of this report.

*Notes to the Financial Statements*

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

The notes to the financial statements can be found on pages 18-27 of this report.

**Supplementary Information**

In addition to basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Charter School's adopted budget to actual results.

**EXCELSIOR PREP CHARTER SCHOOL, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**YEAR ENDED JUNE 30, 2020**

**Government-wide Financial Analysis**

As noted earlier, Net Position may serve over time as a useful indicator of financial position. The following table presents an analysis of the condensed government-wide statements of Net Position:

**CONDENSED STATEMENT OF NET POSITION**

	Net Position June 30, 2020	Net Position June 30, 2019	Variance
Current assets	\$ 148,708	\$ 213,061	\$ (64,353)
Noncurrent assets	-	-	-
Capital assets, net of depreciation	227,781	32,147	195,634
Total assets	\$ 376,489	\$ 245,208	\$ 131,281
Current liabilities	\$ 63,032	\$ 63,375	\$ (343)
Long term liabilities	\$ 127,300	\$ 55,000	\$ 72,300
Net position			
Invested in capital assets	\$ 227,781	\$ 32,147	\$ 195,634
Unrestricted	(41,624)	94,686	(136,310)
Total net position	\$ 186,157	\$ 126,833	59,324
Total liabilities and net position	\$ 376,489	\$ 245,208	\$ 58,981

At the end of the fiscal year, the Charter School is able to report a positive balance in net position of \$186,157. Capital assets (e.g. buildings, building improvements, furniture, fixtures and equipment), net of related debt was \$227,781. The Charter School uses its capital assets to provide services to students. Consequently, these assets are not available for future spending.

Resources that are subject to external restrictions on how they may be used are classified as restricted assets. As of June 30, 2020, the Charter school had no restricted assets. The remaining unrestricted balance may be used in any of the Charter School's ongoing operations.

**Government-wide Financial Analysis - Continued**

The following table presents information on the condensed government-wide statements of changes in net position:

**EXCELSIOR PREP CHARTER SCHOOL, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**YEAR ENDED JUNE 30, 2020**

**CONDENSED STATEMENT OF CHANGES IN NET POSITION**

	<u>2020</u>	<u>2019</u>	<u>Variance</u>
Revenues:			
General revenues	\$ 1,485,596	\$ 783,819	\$ 701,777
Program revenues:			
Charges for services	-	60	(60)
Operating grants and contributions	440,316	247,451	192,865
Miscellaneous	35,055	70,602	(35,547)
Total revenues	<u>1,960,967</u>	<u>1,101,932</u>	<u>859,035</u>
Expenses:			
Instruction	1,026,960	425,885	601,075
Pupil personnel services	13,406	5,700	7,706
Instruction and Curriculum Development	10,580	11,273	(693)
School Board	16,090	5,000	11,090
General administration	259,517	119,838	139,679
School administration	151,722	113,320	38,402
Fiscal services	4,965	5,111	(146)
Food services	114,836	73,973	40,863
Pupil transportation services	26,400	300	26,100
Central Services	238	-	238
Operation of plant	195,960	224,123	(28,163)
Maintenance of plant	11,980	11,917	63
Unallocated depreciation expense	68,989	9,642	59,347
Total expenses	<u>1,901,643</u>	<u>1,006,082</u>	<u>895,561</u>
Change in Net Position	59,324	95,850	(36,526)
Net Position - July 1, 2019	<u>126,833</u>	<u>30,983</u>	<u>95,850</u>
Net Position - June 30, 2020	<u>\$ 186,157</u>	<u>\$ 126,833</u>	<u>\$ 59,324</u>



**EXCELSIOR PREP CHARTER SCHOOL, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**YEAR ENDED JUNE 30, 2020**

**Government-wide financial analysis - Continued**

- At the end of the fiscal year there were 215 students in grades kindergarten to 4th grade. Revenues are based on the amount received per student from the State through the Hillsborough County Public Schools, Florida.
- Expenses for instruction are the result of teachers' salaries and related benefits, and also materials and supplies that directly impact student learning.
- School administration is due primarily to administrator and other administrative personnel and related benefits as well as administrative costs.
- Plant operations expenses consist of utilities, communications, insurance cost, support personnel and related benefits.

**Financial Analysis of the Charter School's Funds**

As noted earlier, the Charter School uses fund accounting to maintain control over resources that have been segregated for specific activities or objectives. The focus of the Charter School's governmental funds is to provide information on near-term inflows, outflows and spendable resources. Such information is useful in assessing the Charter School's financing requirements. In particular unreserved fund balance may serve as a useful measure of the Charter School's net resources available for spending at the end of the fiscal year.

At the end of fiscal year 2020 the Charter School's governmental fund reported a positive ending fund balance of \$115,778.

**EXCELSIOR PREP CHARTER SCHOOL, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**YEAR ENDED JUNE 30, 2020**

**Budgetary Highlights**

Prior to the start of the School's fiscal year, the Board of directors of the School adopted an annual budget. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with the School's budget. Budget to actual comparisons for fiscal year 2020 are presented on Page 29.

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

**Capital Assets Debt Administration**

As of June 30, 2020 the Charter School had investment in capital assets of \$227,781. This amount is net of accumulated depreciation of \$85,053.

**Economic Factors**

During fiscal year 2020, the Charter School net position was \$186,157.

**EXCELSIOR PREP CHARTER SCHOOL, INC.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
YEAR ENDED JUNE 30, 2020**

**School Enrollment**

During the fiscal year 2020, the grade levels at the Charter School ranged from Grade K through Grade 4, with a total enrollment of 215 students.

**Requests for Information**

The financial report is designed to provide a general overview of the Charter School's finances for all those with an interest in the School's finances. Questions concerning any of the information should be addressed to Dr. Matthew Schabath, Chairman, at 2156 University Square Mall, Unit 260-262, Tampa, FL 33612.

**EXCELSIOR PREP CHARTER SCHOOL, INC.**  
**A CHARTER SCHOOL AND COMPONENT UNIT OF THE**  
**HILLSBOROUGH COUNTY PUBLIC SCHOOLS**  
**BASIC FINANCIAL INFORMATION**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**EXCELSIOR PREP CHARTER SCHOOL, INC.**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2020**

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash	\$ 138,147
Deposits	<u>10,561</u>
	148,708
Furniture, fixtures and equipment	312,834
Less accumulated depreciation	<u>(85,053)</u>
	227,781
 Total assets	 <u><u>\$ 376,489</u></u>
<b>Liabilities</b>	
Salaries and wages payable	32,930
Note payable - current	<u>30,102</u>
Total current liabilities	<u>\$ 63,032</u>
<u>Long Term Liabilities</u>	
Note payable (Note 8)	<u>127,300</u>
Total long term liabilities	<u>\$ 127,300</u>
Total Liabilities	<u>\$ 190,332</u>
<b>Net Position</b>	
Invested in capital assets, net of related debt	\$ 227,781
Unrestricted	<u>(41,624)</u>
Total Net Position	<u><u>\$ 186,157</u></u>
Total liabilities and net position	<u><u>\$ 376,489</u></u>

**The accompanying notes are an integral part of these statements**

**EXCELSIOR PREP CHARTER SCHOOL, INC.**  
**STATEMENT OF ACTIVITIES**  
**JUNE 30, 2020**

Governmental activities	Program Revenues			Net Revenues (Expenses) and Change in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
Instruction	\$ 1,026,960	\$ -	\$ 348,182	\$ -	\$ (678,778)
Pupil personnel services	13,406	-	-	-	(13,406)
Instruction and Curriculum Development	10,580	-	-	-	(10,580)
School Board	16,090	-	-	-	(16,090)
General administration	90,790	-	-	-	(90,790)
School administration	151,722	-	-	-	(151,722)
Fiscal services	173,692	-	-	-	(173,692)
Food services	114,836	-	92,134	-	(22,702)
Central Services	238	-	-	-	(238)
Pupil transportation services	26,400	-	-	-	(26,400)
Operation of plant	195,960	-	-	-	(195,960)
Maintenance of plant	11,980	-	-	-	(11,980)
Unallocated depreciation expense	68,989	-	-	-	(68,989)
<b>Total governmental activities</b>	<b>\$ 1,901,643</b>	<b>\$ -</b>	<b>\$ 440,316</b>	<b>\$ -</b>	<b>\$ (1,461,327)</b>

General revenues:

School Board of Hillsborough County	1,485,596
Miscellaneous	35,055
<b>Total general revenues</b>	<b>1,520,651</b>
 Change in Net Position	 59,324
 Net Position - July 1, 2019	 126,833
 Net Position - June 30, 2020	 <b>\$ 186,157</b>

**The accompanying notes are an integral part of these statements**

**EXCELSIOR PREP CHARTER SCHOOL, INC.**

**A CHARTER SCHOOL AND COMPONENT UNIT OF THE  
HILLSBOROUGH COUNTY PUBLIC SCHOOLS DISTRICT**

**FUND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2020**

**EXCELSIOR PREP CHARTER SCHOOL, INC.**  
**BALANCE SHEET – GOVERNMENTAL FUND**  
**JUNE 30, 2020**

	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Revenue</u> <u>Fund</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
<b>ASSETS</b>			
Cash	\$ 138,147	\$ -	\$ 138,147
Due from other funds	-	99,904	99,904
Deposits	<u>10,561</u>	<u>-</u>	<u>10,561</u>
Total Assets	<u>\$ 148,708</u>	<u>\$ 99,904</u>	<u>\$ 248,612</u>
 <b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Salaries and wages payable	32,930	-	32,930
Due to other funds	<u>99,904</u>	<u>-</u>	<u>99,904</u>
Total liabilities	<u>\$ 132,834</u>	<u>\$ -</u>	<u>\$ 132,834</u>
 <b>Fund Balances:</b>			
<b>Nonspendable</b>			
Deposits	10,561	-	10,561
Unassigned	<u>5,313</u>	<u>99,904</u>	<u>105,217</u>
Total fund balances	<u>15,874</u>	<u>99,904</u>	<u>115,778</u>
Total Liabilities and Fund Balances	<u>\$ 148,708</u>	<u>\$ 99,904</u>	<u>\$ 248,612</u>

**The accompanying notes are an integral part of these statements**



**EXCELSIOR PREP CHARTER SCHOOL, INC.**  
**RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2020**

Total fund balances- Governmental funds, page 14	\$	115,778
<p style="margin-left: 40px;">Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
Forgivable notes payable that is not reported in the funds.		(127,300)
<p style="margin-left: 40px;">Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.</p>		
Cost of capital assets	\$	312,834
Accumulated depreciation		<u>(85,053)</u>
		227,781
Long term debt liability which are not due and payable in the current period and therefore, is not reported in the governmental fund		<u>(30,102)</u>
Total Net Position - governmental activities, page 11	\$	<u><u>186,157</u></u>

**The accompanying notes are an integral part of these statements**

**EXCELSIOR PREP CHARTER SCHOOL, INC.**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGE IN FUND BALANCE – GOVERNMENTAL FUND**  
**JUNE 30, 2020**

	General Fund	Special Revenue Fund	Total Governmental Funds
<b>Revenues</b>			
Hillsborough County Public Schools	\$ 1,485,596	\$ -	\$ 1,485,596
Operating Grants and Contributions	9,510	430,806	440,316
Miscellaneous Revenues	35,055	-	35,055
<b>Total revenues</b>	<b>1,530,161</b>	<b>430,806</b>	<b>1,960,967</b>
<b>Expenditures</b>			
Instruction	714,970	311,990	1,026,960
Pupil personnel services	13,406	-	13,406
Instruction and Curriculum Development Service	-	10,580	10,580
School Board	16,090	-	16,090
General administration	90,790	-	90,790
School administration	146,891	4,831	151,722
Fiscal services	173,692	-	173,692
Food services	11,431	103,405	114,836
Pupil transportation services	26,400	-	26,400
Central services	238	-	238
Maintenance of plant	11,980	-	11,980
Operation of plant	195,960	-	195,960
Debt service:			
Principal	24,898	-	24,898
Capital outlay:			
Furniture & equipment	264,623	-	264,623
<b>Total expenditures</b>	<b>1,691,369</b>	<b>430,806</b>	<b>2,122,175</b>
<b>Excess (deficit) of Revenues over expenditures</b>	<b>(161,208)</b>	<b>-</b>	<b>(161,208)</b>
Proceeds from note payable	127,300	-	127,300
<b>Total other financing sources</b>	<b>127,300</b>	<b>-</b>	<b>127,300</b>
<b>Net change in fund balance</b>	<b>(33,908)</b>	<b>-</b>	<b>(33,908)</b>
Fund balance - July 1, 2019	49,782	99,904	149,686
<b>Fund balance - June 30, 2020</b>	<b>\$ 15,874</b>	<b>\$ 99,904</b>	<b>\$ 115,778</b>

**The accompanying notes are an integral part of these statements**

**EXCELSIOR PREP CHARTER SCHOOL, INC.**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT**  
**OF ACTIVITIES**  
**JUNE 30, 2020**

Total net changes in fund balance - governmental funds, Page 16		\$	(161,208)
Amounts reported for governmental activities in the statement of Net Position are different because:			
Debt service payments			24,898
Capital outlays are reported in governmental funds as expenditures however, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.			
Cost of capital assets purchased	\$	264,623	
Provision for depreciation		<u>(68,989)</u>	195,634
Change in Net Position of governmental activities, Page 12		<u>\$</u>	<u>59,324</u>

**The accompanying notes are an integral part of these statements**

**EXCELSIOR PREP CHARTER SCHOOL, INC.  
NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 1 – ORGANIZATION AND OPERATIONS**

**Nature of Operations**

Excelsior Prep Charter School, Inc. (the “Charter School”) is a not-for-profit corporation, organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act, and Section 228.056, Florida Statutes. The Charter School operates under a Charter approved by its sponsor, Hillsborough County Public Schools. The governing body of the Charter School is the not-for-profit corporation’s Board of Directors which is composed of three (3) members.

The Charter School provides educational services to students in grades kindergarten through third. The core philosophy and purpose of the Charter School is to demonstrate that the Charter School’s students can learn at high levels through an academically rigorous and innovative curriculum that incorporates the development of good character.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity:**

The Charter School operates under a charter of the sponsoring school district, the Hillsborough County Public Schools Public Schools (the “District”). The current charter is effective until June 30, 2022, and may be renewed in increments of 5 years by mutual agreement between the Charter School and the District. At the end of the term of the charter, the District may choose not to renew the charter under the grounds specified in the charter in which case the District is required to notify the Charter School in writing at least 90 days prior to the Charter’s expiration. During the term of the charter, the District may also terminate the charter if good cause is shown. Excelsior Prep Charter School, Inc. is considered a component unit of the Hillsborough County Public Schools.

Criteria of determining if other entities are potential component units which should be reported within the Charter School’s financial statements are identified and described in the Governmental Accounting Standards Board (GASB) Codification of Governmental Accounting and Financial Reporting Standards, Sections 2100 and 2600. The application of these criteria provide for identification of any entities for which the Charter School is financially accountable and other organizations for which the nature and significance of their relationship with the

**EXCELSIOR PREP CHARTER SCHOOL, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

Charter School's are such that exclusion would cause the Charter School's financial statements to be misleading or incomplete. Based on these criteria, no component units are included within the reporting entity of the Charter School.

**Basis of Presentation:**

Based on the guidance provided in the American Institute of Certified Public Accountants Audit and Accounting Guide – Audit for States and Local Governments and provisions of Florida Statutes, the Charter School is presented as a governmental organization for financial statement reporting purposes.

**Government-wide Financial Statement:**

The government-wide financial statements (i.e., the statement of Net Position and the statement of changes in Net Position) report information on all activities of the Charter School. The effect of interfund activity, generally, has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or program is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) operating grants and contributions that are used to meet the operational requirements of a particular function or program, and 2) capital grants and contributions that are restricted to meeting the capital requirements of a particular function or program.

**Fund financial statements:**

The Charter School accounts are organized on the basis of funds. The operations of the fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues and expenditures.

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

*Special Revenue Fund* – accounts for specific revenue, such as federal grants and capital outlay grants that are legally restricted to expenditures for particular purposes.

*Agency Fund* – accounts for resources of the School's Internal Fund, which is used to administer monies collected at the schools in connection with school, student athletics, class, and club activities.

**EXCELSIOR PREP CHARTER SCHOOL, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**Measurement Focus, Basis of Accounting:**

The financial statements of the Charter School are prepared in accordance with generally accepted accounting principles (GAAP). The Charter School’s reporting entity applies all relevant Governmental Accounting Standards Board (GASB) *Codification of Accounting and Financial Reporting Guidance*.

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Revenues from non-exchange transactions are reported according to GASB Codification Section 1600.111 and Section N50 Accounting and Financial Reporting for Non-Exchange Transactions. On the accrual basis, revenues from grants and donations are recognized in the fiscal year in which all eligibility requirements have satisfied.

The governmental fund financial statements are presented on the modified accrual basis of accounting under which revenues is recognized in the accounting period in which it becomes susceptible to accrual (i.e., when it becomes both measurable and available). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the Charter School considers revenues to be available if they are collected within 60 days of the end of the current fiscal year.

**Capital assets**

Capital assets, which include land, buildings, building improvements, furniture and fixtures, equipment and library books are reported in the applicable governmental activities in the government-wide financial statements. Capital assets are defined by the Charter School as assets with an initial, individual cost of more than \$500 and a life of more than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Estimated useful lives, in years, for depreciable assets are as follows:

Building and improvements	39 years
Furniture, equipment and computers	5-7 years

Donated capital assets, if any, are recorded at estimated fair value at the date of donation. Within governmental funds, amounts incurred for the acquisition of capital assets are reported as fund expenditures. Depreciation expense is not reported within the governmental fund financial statements.

**EXCELSIOR PREP CHARTER SCHOOL, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**Due from Other Governments or Agencies**

Amounts due to the Charter School by other governments or agencies are for grants or programs under which the services have been provided by the Charter School.

**Revenue Sources**

Revenues for operations will be received primarily from the District pursuant to the funding provisions included in the Charter School's charter. In accordance with the funding provisions of the charter and section 1002.33, Florida Statutes, the Charter School will report the number of full-time equivalent (FTE) students and related data to the District. Under the provisions of Section 1011.62, Florida Statutes, the District reports the number of the full-time equivalent (FTE) students and related data to the Florida Department of Education (FDOE) for funding through the FEFP. Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the FEFP and the actual weighted full-time equivalent students reported by the Charter School during the designated full-time equivalent student survey periods.

The Charter School also receives Federal funding for the school food program. Federal awards are generally received based on applications submitted to and approved by various granting agencies. For Federal awards in which a claim to these grant proceeds is based on incurring eligible expenditures, revenues are recognized to the extent that eligible expenditures have been incurred. Also, other revenues may be derived from various fundraising activities and certain other programs.

**Compensated Absences**

The Charter School grants a specific number of sick days. Full time instructional employees are eligible to one day per month to up to ten days of active work.

GASB Codification Section C60, Accounting for Compensated Absences, provides that compensated absences that are contingent on a specific event that is outside the control of the employer and employee should be accounted for in the period those events take place.

Accordingly, these financial statements do not include an accrual for sick days available to be used in future benefit years.

**EXCELSIOR PREP CHARTER SCHOOL, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**Deferred outflows/Inflows of Resources:**

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.

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.

**Equity classifications:**

*Government-wide financial statement*

Equity is classified as Net Position and displayed in three components:

- a. Invested in capital assets, net of related debt – consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of any bonds or other borrowing that are attributable to the acquisition, construction or improvement of those assets.
- b. Restricted Net Position– 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. There is no restricted Net Position.
- c. Unrestricted Net Position– all other Net Position that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”

*Fund financial statements*

GASB Codification Section 1800.142. Fund Balance Reporting and Governmental Fund Type Definitions, defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB requires the fund balance amounts to be properly reported within one of the fund balance categories list below:

- a. Non-spendable – fund balance associated with inventories, prepaid expenses, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned). All non-spendable fund balances at year end related to not in spendable asset form.
- b. Restricted – fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource provider, or through enabling legislation. Restricted fund balance of the School relates to reserves required by the landlord for property maintenance and repairs.



**EXCELSIOR PREP CHARTER SCHOOL, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

- c. Committed – fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Charter School’s Board of Director. There are no committed fund balances at year end.
- d. Assigned – fund balance classification is intended to be used by the Charter School’s management for specific purposes but do not meet the criteria to be classified as restricted or committed. There are no assigned fund balances at year end.
- e. Unassigned – fund balance is the residual classification for the Charter school’s general fund and includes all spendable amounts not contained in the other classification,

**Encumbrances**

Encumbrances represent commitments relating to unperformed contracts for goods or services. At June 30, 2020, there were no encumbrances outstanding.

**Use of estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

**Subsequent Events**

In accordance with GASB Codification Section 2250.106, the School has evaluated subsequent events and transactions for potential recognition of disclosure through September 30, 2020, which is the date the financial statements were available to be issued.

**EXCELSIOR PREP CHARTER SCHOOL, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 3 - CASH AND CERTIFICATE OF DEPOSIT**

As of June 30, 2020, the bank balance was \$138,147. The bank balance did not exceed the FDIC limit as of June 30, 2020.

The Charter School is operated under a Charter sponsored by the Hillsborough County Public School District as described in Note 1. Accordingly, its bank deposits are governed by Chapter 280 of the Florida Statutes. All time and demand deposits are held in banking institutions approved by the State Treasurer of the State of Florida to hold public funds. Under Florida Statutes, Chapter 280, "Florida Security for Public Deposits Act", the State Treasurer requires all qualified public depositories to deposit with the Treasurer or another banking institution eligible collateral having a market value equal to an amount from 50% to 125% of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance held.

The percentage of eligible collateral (generally, U.S. Government and agency securities, state or local government debt, or corporate bonds) to public deposits is dependent upon the depository's financial history and its financial condition. Any losses to public depositors are covered by applicable deposit insurance, sale of securities pledged as collateral and, if necessary, assessments against other qualified public depositories of the same type as the depository in default. Therefore, all cash deposits in an approved Florida banking institution are both collateralized and insured and not subject to a concentration of credit risk or a custodial credit risk as defined in Government Accounting Standards Board ("GASB") Statement No. 40. The Charter School has no monetary assets other than cash in an approved depository.

**EXCELSIOR PREP CHARTER SCHOOL, INC.  
NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 4 – CAPITAL ASSETS**

	<b>Balance July 1, 2019</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2020</b>
Furniture, Fixtures, and Equipment	48,211	\$ 264,623	-	\$ 312,834
Total	48,211	264,623	-	312,834
Less: Accumulated Depreciation	(16,064)	(68,989)	-	(85,053)
Total	32,147	\$ 195,634	-	\$ 227,781

The provision for depreciation for the year ended June 30, 2020 amounted to \$68,989. The Charter School allocated depreciation to instruction services.

**NOTE 5 – COMMITMENTS AND CONTINGENCIES**

**Management Contract:**

The Charter school has contracted with School Development Service for administrative and educational management services for the operation of the school. All staff are employees of the Charter School. The contract expires in June 2022 and provides for a fee based on a percentage of net FEFP revenues of the School which is 12%. The fees paid to the management company for the year ended June 30, 2020 amounted to \$168,727.

**Lease Agreement:**

The School renewed the lease agreement for facilities located at 2156 University Square Mall, Unit 260-262, Tampa, Florida for an additional three years, commencing on July 1, 2019 and expires May 31, 2023. Total lease payments for the fiscal year 2020 were \$ 116,169.

Fiscal Year Ending June 30,	Amount
2021	\$ 177,160
2022	180,704
2023	184,317
	<u>\$ 542,181</u>

**EXCELSIOR ACADEMIES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 6 – RISK MANAGEMENT**

The Charter School is exposed to various risks of loss related to torts, thefts of damage to and destruction of assets, errors and omissions and natural disasters for which the school carries commercial insurance. Settlement amounts have not exceeded insurance coverage for the past three (3) years. In addition, there were no reductions in insurance coverage from those in the prior year.

**NOTE 7- RELATED PARTY**

In accordance with the Charter Agreement, the School Board retains 5% as an administrative fee. This funding is received on a pro rata basis over the twelve-month period and is adjusted for changes in full-time equivalent student population. After review and verification of Full-Time Equivalent (“FTE”) reports and supporting documentation, the Florida Department of Education may adjust subsequent fiscal period allocations of FTE funding for prior year’s errors disclosed by its review as well as to prevent the statewide allocation from exceeding the amount authorized by the State Legislature.

**NOTE 8- NOTES PAYABLE**

On July 30, 2017, the Charter School received a non-interest-bearing loan from School Development Services, Inc. The loan matures and has a balloon payment due and payable on June 30, 2021. As of June 30, 2020, the outstanding balance was \$30,102.

On June 30, 2020, the School had a fixed rate 1% forgivable loan from the Small Business Administration’s payroll protection program of \$127,300 with maturity date of 24 months after the disbursement date.

**NOTE 9 – FUNDING AND CREDIT RISK CONCENTRATION**

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

**SUPPLEMENTARY INFORMATION**

**EXCELSIOR PREP CHARTER SCHOOL, INC.**  
**BUDGETARY COMPARISON SCHEDULE**  
**YEAR ENDED JUNE 30, 2020**

**GENERAL FUND**

	Original Budget	Final Budget	Actual Amounts GAAP Basis	Variances Positive (Negative)
<b>Revenues:</b>				
State sources	\$ 1,449,705	\$ 1,449,705	\$ 1,485,596	\$ 35,891
Capital grants and contributions	-	-	-	-
Misellaneous revenues	23,000	23,000	35,055	12,055
Total revenues	<u>1,472,705</u>	<u>1,472,705</u>	<u>1,520,651</u>	<u>47,946</u>
Instruction	708,582	708,582	714,970	(6,388)
Pupil Personnel services	17,690	17,690	13,406	4,284
School Board	7,000	7,000	16,090	(9,090)
General Administration	182,149	182,149	90,790	91,359
School Administration	146,930	146,930	146,891	39
Pupil transportation services	36,000	36,000	26,400	9,600
Food service	31,488	31,488	11,431	20,057
Fiscal Services	-	-	173,692	(173,692)
Maintenance of Plant	-	-	11,980	(11,980)
Operation of Plant	274,560	274,560	195,960	78,600
Total expenditure	<u>1,404,399</u>	<u>1,404,399</u>	<u>1,401,610</u>	<u>2,789</u>
Excess (deficit) of revenues over expenditures	<u>\$ 68,306</u>	<u>\$ 68,306</u>	<u>\$ 119,041</u>	<u>\$ 50,735</u>

**SPECIAL REVENUE FUND**

	Original Budget	Final Budget	Actual Amounts GAAP Basis	Variances Positive (Negative)
<b>Revenues:</b>				
Operating grants and contributions	\$ 501,144	\$ 501,144	\$ 430,806	\$ (70,338)
Charges for services	-	-	-	-
Total revenues	<u>501,144</u>	<u>501,144</u>	<u>430,806</u>	<u>(70,338)</u>
Instruction	341,877	341,877	311,990	29,887
Instruction and Curriculum Development Service	80,715	80,715	10,580	70,135
School administration	4,219	4,219	4,831	(612)
Food Services	90,952	90,952	103,405	(12,453)
Total expenditure	<u>517,763</u>	<u>517,763</u>	<u>430,806</u>	<u>86,957</u>
Excess (deficit) of revenues over expenditures	<u>\$ (16,619)</u>	<u>\$ (16,619)</u>	<u>\$ -</u>	<u>\$ 16,619</u>

**EXCELSIOR PREP CHARTER SCHOOL, INC.**  
**NOTES TO SUPPLEMENTARY INFORMATION**

**Budgetary Basis of Accounting**

Budgets are presented on the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the object level (e.g., salaries, purchased services, and capital outlay).

**NOTE A.**

The Charter School formally adopted a budget for the year ended June 30, 2020. Budgeted amounts may be amended by resolution or ordinance by the Board. The budget has been prepared in accordance with accounting principles generally accepted in the United States of America. A comparison of the actual results of operations to the budgeted amounts for the General Fund is presented as supplementary information.

**NOTE B.**

The budget is adopted using the same basis of accounting on which the financial statements are prepared except for a 5% administrative charge that is retained by the Hillsborough County Public Schools, Florida.

**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  
Excelsior Prep Charter School, Inc.  
Tampa, Florida

We have audited, in accordance with the standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Excelsior Prep Charter School, Inc. (the "Charter School"), a component unit of the Hillsborough County Public Schools, Florida, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Excelsior Prep Charter School, Inc.'s basic financial statements, and have issued our report thereon dated September 30, 2020.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Charter School's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 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.



**Internal Control over Financial Reporting (Continued)**

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 Charter School’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, 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.

This report is intended solely for the information and use of the Board of Directors, management, the Hillsborough County Public Schools, Florida and the Auditor General of the State of Florida, and is not intended to be and should not be used by anyone other than these specified parties.

  
Tampa, Florida  
September 30, 2020

**MANAGEMENT LETTER IN ACCORDANCE WITH THE RULES OF THE AUDITOR  
GENERAL OF THE STATE OF FLORIDA**

To the Board of Directors  
Excelsior Prep Charter School, Inc.  
Tampa, Florida

**Report on the Financial Statements**

We have audited the financial statements of Excelsior Prep Charter School, Inc. (the “Charter School”), Florida, as of and for the fiscal year ended June 30, 2020, and have issued our report thereon dated September 30, 2020.

**Auditor’s Responsibility**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.850, Rules of the Auditor General.

**Other Report Requirements**

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in those reports and schedule, which are dated September 30, 2020, should be considered in conjunction with this management letter.

**Prior Audit Findings**

Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings or recommendations in the preceding annual financial audit report.

## **Management Letter - Continued**

### **Official Title**

Section 10.854(1)(e)5., Rules of the Auditor General, requires that the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title and the school code assigned by the Florida Department of Education of the entity are of Excelsior Prep Charter School, Inc. and 7791.

### **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 of the specific conditions 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)6a. 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 information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that the School maintained on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes.

### **Additional Matters**

Section 10.854(1)(e)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 warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings. the attention of those charged with governance. In connection with our audit, we did not have any such findings.

**Management Letter – Continued**

**Purpose of this letter**

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

*Gardner & Associates, PA*  
Tampa, Florida  
September 30, 2020