

**GARDENS SCHOOL OF TECHNOLOGY ARTS, INC.**  
**FINANCIAL STATEMENTS**  
**WITH INDEPENDENT AUDITOR'S REPORTS THEREON**  
**JUNE 30, 2020**



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## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the annual financial report of Gardens School of Technology Arts, Inc. (the "School") presents management's discussion and analysis of the School's financial performance during the fiscal year ended June 30, 2020. Please read it in conjunction with the School's financial statements, which follow this section.

### FINANCIAL HIGHLIGHTS

- The School's total net position decreased compared to the prior year.
- During 2020, the School's expenses exceeded revenues by \$34,261, which is a decrease from the prior year when revenues exceeded expenses by \$246,105.
- Overall, revenues decreased by approximately \$225,000, which was an 8% decrease from the prior year.
- Overall, expenses increased by approximately \$55,000, which was a 2% increase from the prior year.
- Total assets were \$1,112,994 and total liabilities were \$91,954, resulting in net position of \$1,021,040 as of June 30, 2020.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – management's discussion and analysis (this section), the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of the School:

- The first two statements are *government-wide financial statements* that provide both long-term and short-term information about the School's overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the School, reporting the School's operations in more detail than the government-wide statements.
  - The *governmental funds* financial statements tell how general school services were financed in the short term, as well as what remains for future spending.
  - The *fiduciary fund* financial statement provides information about the financial relationships in which the School acts solely as an agent for the benefit of others.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements.

This document also includes the 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*, as well as the management letter required by the Rules of the Auditor General, Chapter 10.850.

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
(continued)**

The following table summarizes the major features of the School's financial statements, including the portion of the School they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

	<b>Government-wide Statements</b>	<b>Fund Statements</b>	
		<b>Governmental Funds</b>	<b>Fiduciary Fund</b>
Scope	Entire School (except the fiduciary fund)	The activities of the School that are not proprietary or fiduciary	Instances in which the School administers resources on behalf of someone else
Required financial statements	Statement of net position Statement of activities	Balance sheet – governmental funds Statement of revenues, expenditures and changes in fund balances – governmental funds	Statement of fiduciary assets and liabilities
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets, deferred outflows of resources, liabilities and deferred inflows of resources, both financial and capital, and short-term and long-term	Only assets/deferred outflows of resources expected to be used up and liabilities/deferred inflows of resources that come due during the year or soon thereafter; no capital assets included	All assets, deferred outflows of resources, liabilities and deferred inflows of resources, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

### **Government-wide Financial Statements**

The government-wide financial statements report information about the School as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the School's assets and deferred outflows of resources, and its liabilities and deferred inflows of resources, but excludes fiduciary funds. All of the current year's revenues and expenses are accounted for in the statement of activities, regardless of when cash is received or paid.

The two government-wide financial statements report the School's net position and how it has changed. Net position – the difference between the School's assets and deferred outflows of resources and its liabilities and deferred inflows of resources – is one way to measure the School's financial condition. Over time, increases or decreases in the School's net position are an indicator of whether its financial condition is improving or deteriorating, respectively. To assess the overall health of the School, one needs to consider additional nonfinancial factors such as changes in the School's student base, the quality of the education and the safety of the School.

The government-wide financial statements of the School are generally divided into three categories:

Governmental Activities – Most of the School's basic services are included here, such as instruction and school administration. Funds received through the Florida Education Finance Program ("FEFP") and state and federal grants finance most of these activities.

Business-type Activities – In certain instances, the School may charge fees to help it cover the costs of certain services it provides. The School currently has no business-type activities.

Component Units – There currently are no component units included within the reporting entity of the School.

### **Fund Financial Statements**

The fund financial statements provide more detailed information about the School's most significant funds, not the School as a whole. A fund is a self-balancing set of accounts which the School uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by state law, and the School may establish other funds to control and manage money for particular purposes, such as for federal grants.

The School has two types of funds:

Governmental Funds – Most of the School's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the School's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information on the subsequent page that explains the differences between them.

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
(continued)**

Fiduciary Funds – The School is the agent, or fiduciary, for assets that belong to others, such as student activities funds. The School is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The School excludes these activities from the government-wide financial statements because the School cannot use these assets to finance its operations.

**FINANCIAL ANALYSIS OF THE SCHOOL AS A WHOLE**

**Net Position**

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

	<b>Governmental Activities</b>		<b>Increase (Decrease)</b>
	<b>2020</b>	<b>2019</b>	
Current and other assets	\$ 745,234	\$ 754,636	-1%
Capital assets, net	367,760	341,816	8%
Total assets	<u>1,112,994</u>	<u>1,096,452</u>	<u>2%</u>
Current and other liabilities	40,932	41,151	-1%
Long-term liabilities	<u>51,022</u>	<u>-</u>	<u>100%</u>
Total liabilities	<u>91,954</u>	<u>41,151</u>	<u>123%</u>
Net position:			
Net investment in capital assets	349,238	341,816	2%
Unrestricted	<u>671,802</u>	<u>713,485</u>	<u>-6%</u>
Total net position	<u><u>\$ 1,021,040</u></u>	<u><u>\$ 1,055,301</u></u>	<u><u>-3%</u></u>

Long-term liabilities increased due to the addition of a capital lease during the year.

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
(continued)**

**Change in Net Position**

The School's total revenues decreased by 8% to \$2,766,285, and the total cost of all programs and services increased by 2% to \$2,800,546 – see table below:

	<b>Governmental Activities</b>		<b>Increase</b>
	<b>2020</b>	<b>2019</b>	<b>(Decrease)</b>
<b>Revenues:</b>			
Federal direct	\$ 17,262	\$ 25,440	-32%
Federal sources passed through local school district	9,334	62,567	-85%
State and local sources	2,681,647	2,786,873	-4%
Contributions and other revenue	58,042	116,688	-50%
Total revenues	<u>2,766,285</u>	<u>2,991,568</u>	<u>-8%</u>
<b>Expenses:</b>			
Instruction	1,631,932	1,514,571	8%
Student support	-	33,035	-100%
Instructional staff training	15,690	13,901	13%
Instruction-related technology	31,490	28,743	10%
Board	26,244	25,252	4%
General administration	34,265	35,257	-3%
School administration	386,379	378,486	2%
Fiscal services	31,200	31,200	0%
Operation of plant	549,699	574,114	-4%
Maintenance of plant	7,305	34,232	-79%
Community services	85,076	76,672	11%
Interest	1,266	-	100%
Total expenses	<u>2,800,546</u>	<u>2,745,463</u>	<u>2%</u>
Change in net position	<u>\$ (34,261)</u>	<u>\$ 246,105</u>	<u>-114%</u>

Federal sources passed through local school district changed due to the School not receiving Title I funding during the year. Contributions and other revenue changed due to reduced fieldtrip and aftercare program revenues resulting from the School's temporary closing due to the coronavirus outbreak.

Student support changed due to decreased staffing in the current year. Maintenance of plant changed due to fewer repairs performed on the School's facility in the current year.

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

As the School completed the year, its governmental funds reported a fund balance of \$704,302. Both revenues and expenditures changed for the same reasons described above.

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
(continued)**

**General Fund Budgetary Highlights**

Over the course of the year, the School revised its budget several times to account for the changes in student enrollment and resulting increases in appropriations.

For 2020, actual general fund revenues were approximately \$39,000 below the final budget, which represents a 1% budget variance.

Actual general fund expenditures were approximately \$13,000 over the final budget, which represents a less than 1% budget variance.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

The School's investment in capital assets at the end of fiscal 2020 amounts to \$367,760 (net of accumulated depreciation). See table below:

	<b>Governmental Activities</b>		<b>Increase (Decrease)</b>
	<b>2020</b>	<b>2019</b>	
Leasehold improvements	\$ 299,161	\$ 296,209	1%
Furniture, fixtures and equipment	261,999	144,261	82%
Vehicles	47,754	47,754	0%
Less accumulated depreciation	(241,154)	(146,408)	-65%
Total capital assets	<u>\$ 367,760</u>	<u>\$ 341,816</u>	<u>8%</u>

This year's major capital asset additions include the following:

- Playground equipment - \$63,000
- Copier machines - \$22,000
- Computers - \$15,000
- iPads - \$12,000

There were no capital asset disposals during the current year. More detailed information about the School's capital assets is presented in Note 3 to the financial statements.

**Long-term Debt**

As of June 30, 2020, the School had \$51,022 in long-term debt outstanding. This year's major long-term debt additions include the following:

- Payroll Protection Program ("PPP") note payable of \$32,500
- Capital lease of \$22,000 for copier machines

More detailed information about the School's long-term liabilities is presented in Note 5 to the financial statements.



**MANAGEMENT'S DISCUSSION AND ANALYSIS  
(continued)**

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The following economic indicators were taken into account when adopting the general fund budget for fiscal year 2021:

- Projected increase in per student funding
- Projected salary increases

Amounts available for appropriation in the general fund are approximately \$2,626,000, an increase of 2% from the final 2020 amount of \$2,564,779.

Budgeted expenditures are expected to be approximately \$2,597,000, a decrease of 1% from the final 2020 amount of \$2,628,558. The School has added no major new programs to the fiscal 2021 budget.

If these estimates are realized, the School's budgetary general fund balance is expected to increase by the close of fiscal 2021.

**CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT**

This financial report is designed to provide interested parties with a general overview of the School's finances and to demonstrate the School's accountability for the money it receives. Should additional information be required, please contact the School's administrative offices at 9153 Roan Lane, Palm Beach Gardens, Florida 33403.

## **INDEPENDENT AUDITOR'S REPORT ON BASIC FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION**

To the Board of Directors of  
Gardens School of Technology Arts, Inc.

### **REPORT ON THE FINANCIAL STATEMENTS**

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Gardens School of Technology Arts, Inc. (the "School"), 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 Gardens School of Technology Arts, Inc. as of June 30, 2020, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 1 – 7 and the budgetary comparison information on page 28 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 28, 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.



Winter Park, Florida  
September 28, 2020

**GARDENS SCHOOL OF TECHNOLOGY ARTS, INC.**

**STATEMENT OF NET POSITION**

**JUNE 30, 2020**

	<u><b>Governmental Activities</b></u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 713,424
Accounts receivable	13,910
Prepaid expenses	17,900
Capital assets, net	<u>367,760</u>
Total assets	<u><u>\$ 1,112,994</u></u>
<b>LIABILITIES</b>	
Accounts payable	\$ 5,900
Accrued expenses	35,032
Long-term liabilities:	
Due within one year	18,484
Due in more than one year	<u>32,538</u>
Total liabilities	<u>91,954</u>
<b>NET POSITION</b>	
Net investment in capital assets	349,238
Unrestricted	<u>671,802</u>
Total net position	<u>1,021,040</u>
Total liabilities and net position	<u><u>\$ 1,112,994</u></u>

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

**GARDENS SCHOOL OF TECHNOLOGY ARTS, INC.**

**STATEMENT OF ACTIVITIES**

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

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total
Governmental activities:						
Instruction	\$ 1,631,932	\$ -	\$ 9,334	\$ -	\$ (1,622,598)	\$ (1,622,598)
Instructional staff training	15,690	-	-	-	(15,690)	(15,690)
Instruction-related technology	31,490	-	17,262	-	(14,228)	(14,228)
Board	26,244	-	-	-	(26,244)	(26,244)
General administration	34,265	-	-	-	(34,265)	(34,265)
School administration	386,379	-	-	-	(386,379)	(386,379)
Fiscal services	31,200	-	-	-	(31,200)	(31,200)
Operation of plant	549,699	-	-	-	(549,699)	(549,699)
Maintenance of plant	7,305	-	-	-	(7,305)	(7,305)
Community services	85,076	58,042	-	-	(27,034)	(27,034)
Interest	1,266	-	-	-	(1,266)	(1,266)
Total primary government	<u>\$ 2,800,546</u>	<u>\$ 58,042</u>	<u>\$ 26,596</u>	<u>\$ -</u>	<u>(2,715,908)</u>	<u>(2,715,908)</u>
General revenues:						
State and local sources					2,681,647	2,681,647
Total general revenues					2,681,647	2,681,647
Change in net position					(34,261)	(34,261)
Net position at beginning of year					1,055,301	1,055,301
Net position at end of year					<u>\$ 1,021,040</u>	<u>\$ 1,021,040</u>

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

GARDENS SCHOOL OF TECHNOLOGY ARTS, INC.

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2020

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 713,424	\$ -	\$ 713,424
Accounts receivable	398	13,512	13,910
Prepaid expenditures	17,900	-	17,900
Due from capital projects fund	13,512	-	13,512
Total assets	<u>\$ 745,234</u>	<u>\$ 13,512</u>	<u>\$ 758,746</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 5,900	\$ -	\$ 5,900
Accrued expenditures	35,032	-	35,032
Due to general fund	-	13,512	13,512
Total liabilities	<u>40,932</u>	<u>13,512</u>	<u>54,444</u>
<b>FUND BALANCES</b>			
Nonspendable:			
Prepaid expenditures	17,900	-	17,900
Unassigned	686,402	-	686,402
Total fund balances	<u>704,302</u>	<u>-</u>	<u>704,302</u>
Total liabilities and fund balances	<u>\$ 745,234</u>	<u>\$ 13,512</u>	<u>\$ 758,746</u>

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

GARDENS SCHOOL OF TECHNOLOGY ARTS, INC.

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION

JUNE 30, 2020

**Total fund balances - total governmental funds** \$ 704,302

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 as assets in the governmental funds. The cost of the assets is \$608,914 and the accumulated depreciation is \$241,154. 367,760

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year-end include:

Note payable (32,500)  
Capital lease obligation (18,522)

**Total net position - governmental activities** \$ 1,021,040

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

**GARDENS SCHOOL OF TECHNOLOGY ARTS, INC.**

**STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**

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

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
Federal direct	\$ -	\$ -	\$ 17,262	\$ 17,262
Federal sources passed through local school district	-	-	9,334	9,334
State and local sources	2,506,737	174,910	-	2,681,647
Contributions and other revenue	58,042	-	-	58,042
Total revenues	<u>2,564,779</u>	<u>174,910</u>	<u>26,596</u>	<u>2,766,285</u>
<b>EXPENDITURES</b>				
Current:				
Instruction	1,544,419	-	9,334	1,553,753
Instructional staff training	15,690	-	-	15,690
Instruction-related technology	14,228	-	17,262	31,490
Board	26,244	-	-	26,244
General administration	34,265	-	-	34,265
School administration	369,812	-	-	369,812
Fiscal services	31,200	-	-	31,200
Operation of plant	374,789	174,910	-	549,699
Maintenance of plant	7,305	-	-	7,305
Community services	85,076	-	-	85,076
Debt service:				
Principal	3,574	-	-	3,574
Interest	1,266	-	-	1,266
Other capital outlay	120,690	-	-	120,690
Total expenditures	<u>2,628,558</u>	<u>174,910</u>	<u>26,596</u>	<u>2,830,064</u>
Deficiency of revenues under expenditures	<u>(63,779)</u>	<u>-</u>	<u>-</u>	<u>(63,779)</u>
<b>OTHER FINANCING SOURCES</b>				
Proceeds from capital lease	22,096	-	-	22,096
Proceeds from note payable	32,500	-	-	32,500
Total other financing sources	<u>54,596</u>	<u>-</u>	<u>-</u>	<u>54,596</u>
Net change in fund balances	(9,183)	-	-	(9,183)
Fund balances at beginning of year	713,485	-	-	713,485
Fund balances at end of year	<u>\$ 704,302</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 704,302</u>

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



GARDENS SCHOOL OF TECHNOLOGY ARTS, INC.

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2020

**Net changes in fund balances - total governmental funds** \$ (9,183)

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

Governmental funds report capital outlays as expenditures. However, in the  
statement of activities, the costs of those assets are allocated over their  
estimated useful lives and reported as depreciation expense. This is the  
amount by which capital outlays (\$120,690) exceed depreciation expense  
(\$94,746) in the current period. 25,944

Debt proceeds provide current financial resources to governmental funds, but  
issuing debt increases long-term liabilities in the statement of net position. (54,596)

Principal payments on long-term debt are expenditures in the governmental  
funds, but the repayments reduce long-term liabilities in the statement of net  
position. 3,574

**Change in net position of governmental activities** \$ (34,261)

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

**GARDENS SCHOOL OF TECHNOLOGY ARTS, INC.**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**

**JUNE 30, 2020**

	<u>Agency Fund</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 100,795
Total assets	<u>\$ 100,795</u>
<b>LIABILITIES</b>	
Due to others	\$ 100,795
Total liabilities	<u>\$ 100,795</u>

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

**GARDENS SCHOOL OF TECHNOLOGY ARTS, INC.**

**NOTES TO FINANCIAL STATEMENTS**

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

**1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

Gardens School of Technology Arts, Inc. (the "School") is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not For Profit Corporation Act and Section 1002.33, Florida Statutes. The governing body of the School is the not-for-profit corporation Board of Directors, which is composed of five members.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, the District School Board of Palm Beach County, Florida (the "School Board"). The current charter is effective until June 30, 2027 and may be renewed by mutual written agreement between the School and the School Board. At the end of the term of the charter, the School Board may choose not to renew the charter under grounds specified in the charter. In this case, the School Board is required to notify the School in writing at least 90 days prior to the charter's expiration. During the term of the charter, the School Board may also terminate the charter if good cause is shown. In the event of termination of the charter, any property purchased by the School with public funds and any unencumbered public funds, except capital outlay funds, revert back to the School Board. Any unencumbered capital outlay funds revert back to the Florida Department of Education ("FDOE") to be redistributed among eligible charter schools. The School meets the definition of a governmental entity under the Governmental Accounting Standards Board ("GASB") accounting guidance; therefore, for financial reporting purposes, the School is required to follow generally accepted accounting principles applicable to state and local governmental units.

Criteria for determining if other entities are potential component units of the School which should be reported with the School's basic financial statements are identified and described in the GASB's *Codification of Governmental Accounting and Financial Reporting Standards*. The application of these criteria provides for identification of any entities for which the School is financially accountable and other organizations for which the nature and significance of their relationship with the School are such that exclusion would cause the School's basic financial statements to be misleading or incomplete. Based on these criteria, no component units are included within the reporting entity of the School.

**Basis of Presentation**

The School's financial statements have been prepared in accordance with generally accepted accounting principles as prescribed by the GASB. Accordingly, both government-wide and fund financial statements are presented.

The government-wide financial statements report information about the School as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the School's assets, deferred outflows of resources, liabilities and deferred inflows of resources, but excludes fiduciary funds. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

**GARDENS SCHOOL OF TECHNOLOGY ARTS, INC.**

**NOTES TO FINANCIAL STATEMENTS  
(continued)**

The government-wide financial statements of the School are generally divided into three categories:

Governmental Activities – Most of the School's basic services are included here, such as instruction and school administration. Funds received through the Florida Education Finance Program ("FEFP") and state and federal grants finance most of these activities.

Business-type Activities – In certain instances, the School may charge fees to help it cover the costs of certain services it provides. The School currently has no business-type activities.

Component Units – There currently are no component units included within the reporting entity of the School.

The fund financial statements provide more detailed information about the School's most significant funds, not the School as a whole. A fund is an accounting entity having a self-balancing set of accounts for recording assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance, revenues, expenditures, and other financing sources and uses. Resources are allocated to and accounted for in individual funds based on the purposes for which they are to be spent and the means by which spending activities are controlled. The funds in the financial statements of this report are as follows:

Governmental Funds:

General Fund – To account for all financial resources not required to be accounted for in another fund.

Special Revenue Fund – To account for the proceeds of specific revenue sources and grants that are restricted by law or administrative action to expenditure for specific purposes and to provide a single source of accountability for all funds received.

Capital Projects Fund – To account for all resources for the acquisition of capital items by the School purchased with capital outlay funds.

For purposes of these statements, the general and capital projects funds are considered major funds. The special revenue fund is considered non-major and is included as the other governmental fund.

Fiduciary Fund:

Agency Fund – To account for school internal funds, which are established to record the receipts and disbursements of various school activities administered for the general welfare of the students and completion of certain planned objectives and special programs of school groups. The School retains no equity interest in these funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

# GARDENS SCHOOL OF TECHNOLOGY ARTS, INC.

## NOTES TO FINANCIAL STATEMENTS (continued)

### **Basis of Accounting**

Basis of accounting refers to when revenues and expenses/expenditures 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 and fiduciary fund financial statements are presented using the accrual basis of accounting and an economic resources focus. Under the accrual basis of accounting, revenues and expenses are recognized when they occur.

The modified accrual basis of accounting and current financial resources focus is followed by the governmental funds. Under the modified accrual basis, revenues are recognized when they become measurable and available. Available means collectible within the current year or soon enough thereafter to pay current liabilities. The School considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Under the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred. The principal exceptions to this general rule are: (1) interest on general long-term debt is recognized when due and (2) expenditures related to liabilities reported as general long-term debt are recognized when due.

### **Budgetary Basis Accounting**

Budgets are presented on the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the fund level.

### **Cash and Cash Equivalents**

Investments with an original maturity of three months or less at the time they are purchased are considered to be cash equivalents. The School maintains its cash accounts in a financial institution subject to insurance coverage issued by the Federal Deposit Insurance Corporation (the "FDIC"). Under FDIC rules, the School is entitled to aggregate coverage of \$250,000 per account type per separate legal entity per financial institution. As of June 30, 2020, the School had deposits in a financial institution with custodial credit risk exposure in excess of FDIC coverage totaling approximately \$564,000. The School has not historically experienced losses on its cash and cash equivalents.

### **Receivables**

Receivables consist of amounts due from governmental agencies for capital outlay or other programs. Allowances are reported when management estimates that accounts may be uncollectible.

### **Capital Assets and Depreciation**

Expenditures for capital assets acquired for general School purposes are reported in the governmental fund that financed the acquisition. Purchased capital assets are reported at cost, net of accumulated depreciation, in the government-wide financial statements. Donated assets are recorded at fair value at the date of donation.

**GARDENS SCHOOL OF TECHNOLOGY ARTS, INC.**

**NOTES TO FINANCIAL STATEMENTS  
(continued)**

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range as follows:

	<u>Years</u>
Leasehold improvements	2 - 13
Furniture, fixtures and equipment	3 - 5
Vehicles	5

Information relative to changes in capital assets is described in Note 3.

**Long-term Liabilities**

Long-term obligations that will be financed by resources to be received in the future by the governmental funds are reported in the government-wide financial statements, not in the governmental funds. Information relative to changes in long-term liabilities is described in Note 5.

**Fund Balance Spending Policy**

The School's adopted spending policy is to spend from the restricted fund balance first, followed by committed, assigned, then the unassigned fund balance. Most funds were designated for one purpose at the time of their creation. Therefore, expenditures made out of the fund will be allocated to the applicable fund balance classifications in the order of the aforementioned spending policy. If expenditures are incurred that meet the purpose of more than one fund, they will be allocated to restricted fund balance first and then follow the order above. Funds can only be committed by formal action of the Board of Directors. The Board of Directors has delegated authority to the Director of Operations to assign funds up to the amount of \$10,000. There are no minimum fund balance requirements for any of the School's funds.

**Revenue Sources**

Revenues for current operations are received primarily from the School Board pursuant to the funding provisions included in the School's charter. As such, the School's revenue stream is largely dependent upon the general state of the economy and the amounts allotted to the FDOE by the state legislature. In accordance with the funding provisions of the charter and Section 1002.33(18), Florida Statutes, the School reports the number of full-time equivalent students and related data to the School Board.

Under the provisions of Section 1011.62, Florida Statutes, the School Board reports the number of full-time equivalent students and related data to the 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 School during the designated full-time equivalent student survey periods. The School Board receives a 2% administrative fee from the School, which is reflected as a general administration expense/expenditure in the accompanying financial statements. This administrative fee is calculated on the FEFP revenue up to 250 students.

**GARDENS SCHOOL OF TECHNOLOGY ARTS, INC.**

**NOTES TO FINANCIAL STATEMENTS  
(continued)**

The School receives federal awards for the enhancement of various educational programs. This assistance is 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, revenue is recognized to the extent that eligible expenditures have been incurred.

The School is also eligible for charter school capital outlay funding. The amounts received under this program are based on the School's actual and projected student enrollment during the fiscal year. Funds received under this program may only be used for lawful capital outlay expenditures and, as such, any unexpended amounts are reflected as restricted net position and restricted fund balance in the accompanying financial statements.

**Income Taxes**

The School is an organization exempt from income taxation under Section 501(a) as an entity described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. Accordingly, no provision for federal income taxes is included in the accompanying financial statements.

**Use of Estimates**

In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources as of the date of the statement of net position and the balance sheet – governmental funds and affect revenues and expenses/expenditures for the period presented. Actual results could differ significantly from those estimates.

**Subsequent Events**

The School has evaluated subsequent events through September 28, 2020, the date these financial statements were available to be issued.

**Recently Issued Accounting Pronouncements**

In June 2017, the GASB issued Statement No. 87, *Leases*, which requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this guidance, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, thereby enhancing the relevance and consistency of information about a school's leasing activities. The new standard is effective for the fiscal year ending June 30, 2022. The cumulative effect of any changes adopted to conform to the provisions of this guidance would be reported as a restatement of beginning net position and fund balance. The School is currently evaluating the effect that implementation of the new standard will have on its financial statements.

**GARDENS SCHOOL OF TECHNOLOGY ARTS, INC.**

**NOTES TO FINANCIAL STATEMENTS  
(continued)**

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*, which improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The new standard is effective for the fiscal year ending June 30, 2021. The cumulative effect of any changes adopted to conform to the provisions of this guidance would be reported as a restatement of beginning net position and fund balance. The School is currently evaluating the effect that implementation of the new standard will have on its financial statements.

**2 INTERFUND ACTIVITIES**

Due to/from other funds consisted of the following balances as of June 30, 2020:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General fund	\$ 13,512	\$ -
Capital projects fund	-	13,512
Total interfund	<u>\$ 13,512</u>	<u>\$ 13,512</u>

The amounts payable by the capital projects fund to the general fund is to cover temporary cash shortages related to the timing of receipts.

**3 CHANGES IN CAPITAL ASSETS**

Capital asset activity during 2020 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Leasehold improvements	\$ 296,209	\$ 2,952	\$ -	\$ 299,161
Furniture, fixtures and equipment	144,261	117,738	-	261,999
Vehicles	47,754	-	-	47,754
Total depreciable capital assets	<u>488,224</u>	<u>120,690</u>	<u>-</u>	<u>608,914</u>
Less accumulated depreciation for:				
Leasehold improvements	(74,423)	(25,852)	-	(100,275)
Furniture, fixtures and equipment	(71,907)	(59,317)	-	(131,224)
Vehicles	(78)	(9,577)	-	(9,655)
Total accumulated depreciation	<u>(146,408)</u>	<u>(94,746)</u>	<u>-</u>	<u>(241,154)</u>
Governmental activities capital assets, net	<u>\$ 341,816</u>	<u>\$ 25,944</u>	<u>\$ -</u>	<u>\$ 367,760</u>



**GARDENS SCHOOL OF TECHNOLOGY ARTS, INC.**

**NOTES TO FINANCIAL STATEMENTS  
(continued)**

Depreciation expense was charged to functions as follows:

Governmental activities:	
Instruction	\$ 78,179
School administration	<u>16,567</u>
Total governmental activities depreciation expense	<u><u>\$ 94,746</u></u>

**4 COMMITMENTS AND CONTINGENT LIABILITIES**

**Grants**

The School participates in state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the School has not complied with the rules and regulations governing the grants, refunds of any money received may be required and collectibility of any related receivable as of June 30, 2020 may be impaired. In the opinion of the School, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

**Legal Matters**

In the normal course of conducting its operations, the School occasionally becomes party to various legal actions and proceedings. In the opinion of management, the ultimate resolution of such legal matters will not have a significant adverse effect on the accompanying financial statements.

**Risk Management Program**

Workers' compensation coverage, health and hospitalization, general liability, professional liability and property coverages are being provided through purchased commercial insurance with minimum deductibles for each line of coverage. Settled claims resulting from these risks have not historically exceeded commercial coverage.

**Employee Benefit Plan**

The School sponsors the Gardens School of Technology Arts, Inc. 401(k) Plan (the "Plan"), which is a defined contribution plan. The Plan operates under Section 401(k) of the Internal Revenue Code. All employees 21 and older who have 3 months of service may contribute up to an annual maximum of pretax annual compensation, as defined in the Plan. Under the terms of the Plan, the School contributes amounts to the Plan at the discretion of the Board of Directors. The School's contributions during fiscal year 2020 totaled approximately \$31,000, of which \$23,000 is included in instruction and \$8,000 is included in school administration in the accompanying financial statements.

**GARDENS SCHOOL OF TECHNOLOGY ARTS, INC.**

**NOTES TO FINANCIAL STATEMENTS**  
**(continued)**

**Operating Leases**

The School leases its facility and certain equipment under non-cancelable operating leases. These leases require the School to pay insurance and other costs. Aggregate remaining minimum rental commitments as of June 30, 2020 under these leases are summarized as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2021	\$ 367,800
2022	367,800
2023	367,800
2024	367,800
2025	360,650
2026 - 2030	1,800,000
2031 - 2035	360,000
Total future minimum lease payments	<u>\$ 3,991,850</u>

Lease expense totaled \$370,254 during fiscal year 2020, of which \$10,254 is included in school administration and \$360,000 is included in operation of plant in the accompanying financial statements.

**Uncertainty**

The extent of the impact and effects of the recent outbreak of the coronavirus on the School's operations will depend on future developments, including the duration and spread of the outbreak, related travel advisories and restrictions, changes in enrollment and the impact on governmental funding, all of which are highly uncertain and cannot be predicted. While the School's operations have not been significantly impacted due to the virus to date, if the virus causes significant negative impacts to economic conditions, the School's operations may be adversely affected.

**GARDENS SCHOOL OF TECHNOLOGY ARTS, INC.**

**NOTES TO FINANCIAL STATEMENTS**  
(continued)

**5 LONG-TERM LIABILITIES**

Long-term liabilities activity during 2020 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Capital lease	\$ -	\$ 22,096	\$ (3,574)	\$ 18,522	\$ 4,027
Note payable	-	32,500	-	32,500	14,457
Governmental activities, long-term liabilities	<u>\$ -</u>	<u>\$ 54,596</u>	<u>\$ (3,574)</u>	<u>\$ 51,022</u>	<u>\$ 18,484</u>

**Capital Lease**

The School leases a portion of its equipment under a lease agreement that is classified as a capital lease. The capital lease requires monthly principal and interest payments of \$440 at an interest rate of 7.5%. The economic substance of the lease is that the School is financing the acquisition of the assets through the lease, and, accordingly, it is recorded in the School's statement of net position.

Leased assets as of June 30, 2020 consist of the following:

	<u>Governmental Activities</u>
Furniture, fixtures and equipment	\$ 22,096
Less accumulated depreciation	(4,238)
	<u>\$ 17,858</u>

Future debt service requirements related to the capital lease are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 4,027	\$ 1,253	\$ 5,280
2022	4,340	940	5,280
2023	4,677	603	5,280
2024	5,478	243	5,721
	<u>\$ 18,522</u>	<u>\$ 3,039</u>	<u>\$ 21,561</u>

**GARDENS SCHOOL OF TECHNOLOGY ARTS, INC.**

**NOTES TO FINANCIAL STATEMENTS  
(continued)**

**Note Payable**

The note payable consisted of the following balance as of June 30, 2020:

Payroll Protection Plan ("PPP") promissory note payable to a financial institution. Beginning in November 2020, principal and interest payments of \$1,829 are due monthly at an interest rate of 1%. Matures in April 2022.	\$ 32,500
Total note payable	32,500
Less amount due or payable within one year	<u>(14,457)</u>
Amount due or payable after one year	<u><u>\$ 18,043</u></u>

Future debt service requirements related to the note payable are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 14,457	\$ 171	\$ 14,628
2022	18,043	81	18,124
	<u><u>\$ 32,500</u></u>	<u><u>\$ 252</u></u>	<u><u>\$ 32,752</u></u>

**6 SCHEDULE OF STATE AND LOCAL REVENUE SOURCES**

The following is a schedule of state and local revenue sources and amounts:

District School Board of Palm Beach County, Florida:	
Florida Education Finance Program	\$ 1,621,994
Class size reduction	409,300
Discretionary local effort	256,460
Capital outlay	174,910
Supplemental academic instruction	77,462
ESE guaranteed allocation	47,015
Excellent teaching program	36,479
Instructional materials	26,809
Reading allocation	14,891
Mental health allocation	8,491
Teacher lead	6,400
Digital classrooms allocation	680
Student transportation	404
Discretionary lottery	<u>352</u>
Total	<u><u>\$ 2,681,647</u></u>

**GARDENS SCHOOL OF TECHNOLOGY ARTS, INC.**

**NOTES TO FINANCIAL STATEMENTS**  
**(continued)**

The administrative fee paid to the School Board during fiscal year 2020 totaled \$34,265, which is reflected as a general administration expense/expenditure in the accompanying financial statements.

**GARDENS SCHOOL OF TECHNOLOGY ARTS, INC.**

**REQUIRED SUPPLEMENTARY INFORMATION**

**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**

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

	<b>Budgeted Amounts</b>		<b>Actual (Budgetary Basis)</b>	<b>Variance with Final Budget- Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
State and local sources	\$ 2,528,300	\$ 2,507,071	\$ 2,506,737	\$ (334)
Contributions and other revenue	115,000	96,440	58,042	(38,398)
Total revenues	<u>2,643,300</u>	<u>2,603,511</u>	<u>2,564,779</u>	<u>(38,732)</u>
<b>EXPENDITURES</b>				
Current:				
Instruction	1,525,902	1,601,137	1,544,419	56,718
Student support	5,000	-	-	-
Instructional staff training	12,500	15,695	15,690	5
Instruction-related technology	15,000	17,183	14,228	2,955
Board	25,000	27,470	26,244	1,226
General administration	36,000	34,270	34,265	5
School administration	455,647	374,602	369,812	4,790
Fiscal services	31,200	31,200	31,200	-
Operation of plant	410,380	410,840	374,789	36,051
Maintenance of plant	10,000	7,500	7,305	195
Community services	83,271	95,918	85,076	10,842
Debt service:				
Principal	-	-	3,574	(3,574)
Interest	-	-	1,266	(1,266)
Other capital outlay	-	-	120,690	(120,690)
Total expenditures	<u>2,609,900</u>	<u>2,615,815</u>	<u>2,628,558</u>	<u>(12,743)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>33,400</u>	<u>(12,304)</u>	<u>(63,779)</u>	<u>(51,475)</u>
<b>OTHER FINANCING SOURCES</b>				
Proceeds from capital lease	-	-	22,096	22,096
Proceeds from note payable	-	32,500	32,500	-
Total other financing sources	<u>-</u>	<u>32,500</u>	<u>54,596</u>	<u>22,096</u>
Net change in fund balance	33,400	20,196	(9,183)	(29,379)
Fund balance at beginning of year	<u>713,485</u>	<u>713,485</u>	<u>713,485</u>	<u>-</u>
Fund balance at end of year	<u>\$ 746,885</u>	<u>\$ 733,681</u>	<u>\$ 704,302</u>	<u>\$ (29,379)</u>

See independent auditor's report.

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

To the Board of Directors of  
Gardens School of Technology Arts, Inc.

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 Gardens School of Technology Arts, Inc. (the “School”) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School’s basic financial statements, and have issued our report thereon dated September 28, 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”) as a basis for designing 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 financial statements. 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.



Winter Park, Florida  
September 28, 2020



**ADDITIONAL INFORMATION REQUIRED BY  
RULES OF THE AUDITOR GENERAL,  
CHAPTER 10.850**

To the Board of Directors of  
Gardens School of Technology Arts, Inc.

## **REPORT ON THE FINANCIAL STATEMENTS**

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Gardens School of Technology Arts, Inc. (the "School"), as of and for the year ended June 30, 2020, and have issued our report thereon dated September 28, 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 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 September 28, 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.

## **OFFICIAL TITLE**

Section 10.854(1)(e)5., Rules of the Auditor General, requires the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title of the entity is Gardens School of Technology Arts, Inc., and the school code assigned by the Florida Department of Education is 3961.

## **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 condition(s) described in Section 218.503(1), Florida Statutes, and to identify 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)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. The financial condition assessment was done as of the fiscal year-end.

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 warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

### **PURPOSE OF THIS LETTER**

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



Winter Park, Florida  
September 28, 2020