

**GREENTREE PREPARATORY
CHARTER SCHOOL**
SOUTHWEST RANCHES, FLORIDA
(A COMPONENT UNIT OF THE SCHOOL BOARD
OF BROWARD COUNTY, FLORIDA)

BASIC FINANCIAL STATEMENTS, INDEPENDENT
AUDITOR'S REPORT AND SUPPLEMENTAL
INFORMATION

JUNE 30, 2020

GREENTREE PREPARATORY CHARTER SCHOOL
BASIC FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION
JUNE 30, 2020

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GREENTREE PREPARATORY CHARTER SCHOOL
(A Charter School Under Greentree Preparatory Charter School, Inc.)
6301 SW 160 Ave.
Southwest Ranches, FL 33331
(954) 780-8733

2019-2020

BOARD OF DIRECTORS

Mr. Daniel Miret, Chair
Ms. Maria Romero, Treasurer
Mrs. Jennifer Roque, Secretary
Ms. Damaris Perdigon
Ms. Ana Baez
Ms. Mabel Ribe
Mr. Rick Ribe

SCHOOL ADMINISTRATION

Ms. Elizabeth Gonzalez, Director of Operations
Mrs. Rosa Pou, Principal



INDEPENDENT AUDITOR’S REPORT

Board of Directors
Greentree Preparatory Charter School, Inc.
Southwest Ranches, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund balance of Greentree Preparatory Charter School (the “School”), a charter school under Greentree Preparatory Charter School, Inc., and a component unit of the District School Board of Broward County, 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 balance of the School, as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 8 and budgetary comparison information on pages 22 through 23 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 29, 2020, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 29, 2020

Management’s Discussion and Analysis
Greentree Preparatory Charter School, Inc.
June 30, 2020

The corporate officers of Greentree Preparatory Charter School (the “School”) have prepared this narrative overview and analysis of the School’s financial activities for the fiscal year ended June 30, 2020.

FINANCIAL HIGHLIGHTS

1. At year-end, the School had current assets of \$125,224.
2. The School’s total assets exceeded total liabilities by \$85,267 (net position) for the year ended June 30, 2020.
3. At year-end, the School’s combined ending fund balance totaled \$49,912.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the School’s basic financial statements. The School’s financial statements for the year ended June 30, 2020, are presented in accordance with GASB Codification Section 2200. The financial statements have 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* are designed to provide readers with a broad overview of the School’s finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the School’s assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. The difference is reported as *net position*. Over time, increases or decreases in net position may serve as an indicator of whether the financial position of the School is improving or deteriorating.

The *Statement of Activities* presents information on how the School’s net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event resulting in the change occurs, without regard to the timing of related cash flows. Accordingly, revenues 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 9 – 10 of this report.

Fund Financial Statements

A “fund” is a collection of related accounts grouped to maintain control over resources that have been segregated for specific activities, projects, or objectives. The School, like other state and local governments, uses fund accounting to ensure and report compliance with finance-related legal requirements.

All of the funds of the School are governmental funds. *Governmental Funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements.

Governmental Fund financial statements, however, focus on *near-term* inflows and outflows of spendable resources, as well as on the balances of spendable resources which are available at the end of the fiscal year. Such information may be used to evaluate a government's requirements for near-term financing.

Prior to the start of the School's fiscal year, the Board of the School adopts an annual budget for its general and special revenue fund. A budgetary comparison statement has been provided for the School's governmental funds to demonstrate compliance with the School's budget. The basic governmental fund financial statements can be found on pages 11 – 14 of this report.

Notes to 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 fund financial statements.

The notes to basic financial statements can be found on pages 15 – 21 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, over time net position may serve as a useful indicator of a school's financial position. This is the School's sixth year of operations. A summary of the School's net position as of June 30, 2020 and 2019 follows:

Assets	<u>2020</u>	<u>2019</u>
Cash	\$ 108,004	\$ 215,636
Accounts and other receivables	10,196	-
Due from other agencies	7,024	7,295
Capital assets, net	35,355	27,172
Total Assets	<u>\$ 160,579</u>	<u>\$ 250,103</u>
Liabilities and Net Position		
Accounts and wages payable and accrued liabilities	\$ 75,312	\$ 105,977
Total Liabilities	75,312	105,977
Net investment in capital assets	35,355	27,172
Unrestricted	49,912	116,954
Total Net Position	<u>85,267</u>	<u>144,126</u>
Total Liabilities and Net Position	<u>\$ 160,579</u>	<u>\$ 250,103</u>

At June 30, 2020, the School's total assets were \$160,579 and total liabilities were \$75,312. At June 30, 2020, the School reported a net position of \$85,267.

A summary and analysis of the School's revenues and expenses for the years ended June 30, 2020 and 2019 follows:

REVENUES	<u>2020</u>	<u>2019</u>
Program Revenues		
State capital outlay funding	\$ 83,208	\$ 77,135
Charges for services	-	4,297
General Revenues		
FEFP nonspecific revenue	1,232,196	1,181,130
Fundraising and other revenue	<u>102,421</u>	<u>118,349</u>
Total Revenues	<u>\$1,417,825</u>	<u>\$1,380,911</u>
EXPENSES		
Instruction	\$ 714,815	\$ 676,551
Board	8,096	8,350
General administrative	43,311	22,987
School administration	216,641	191,231
Fiscal services	-	17,615
Food services	10,740	11,799
Student transportation services	2,000	3,461
Operation of plant	440,814	355,423
Maintenance of plant	26,523	26,979
Administrative technology services	<u>13,744</u>	<u>11,907</u>
Total Expenses	<u>\$1,476,684</u>	<u>\$1,326,303</u>
Change in Net Position	(58,859)	54,608
Net Position at Beginning of Year	<u>144,126</u>	<u>89,518</u>
Net Position at End of Year	<u>\$ 85,267</u>	<u>\$ 144,126</u>

For the year ended June 30, 2020, the School's revenues were \$1,417,825 and overall increased by \$36,914, primarily due to an increase in state and local funding as a result of additional enrollment. The School's enrollment for the 2019-2020 year was 165 students compared to 158 in the prior year. For the year ended June 30, 2019, the School's total expenses were \$1,476,684, which was an overall increase of \$150,381 from prior year due mainly to an increase in security services.

ACCOMPLISHMENTS

Greentree Preparatory Charter School continues to grow. The School completed phase 3 of their renovations project. Once again, the School increased our fundraising efforts in the first quarter of the school year and were able to create a small computer lab for our students to use multiple times a week. The School also upgraded the phone system used throughout the school.

The School was once again recognized as a top performing school in Broward County and the state of Florida. Several teachers are working towards getting Gifted/ESE endorsed and others are getting additional endorsements in Reading and ESOL. Student enrollment increased to 165 this year and prior to the closures of the school in March due to COVID-19, 188 students were enrolled for the upcoming 2020-2021 school year.

This year, the School's doors were closed in March for on campus learning due to COVID-19, however, the School's teachers were quickly trained to continue classes online once the students returned from Spring Break. Unlike other schools, Greentree Preparatory Charter School teachers were online with the students the entire day. Teachers were also available online for parents and students to ask questions or get guidance if they needed additional information.

With the uncertainty of COVID-19, case numbers climbing and schools and businesses remaining closed, the School's staff worked throughout the summer to ensure that once the new school year began, the School was ready for both, online and on campus learning. The School completed their reopening plan and continued to share bimonthly updates to our parents throughout the summer.

The School's Board of Directors met to discuss the possibility of opening its doors for parents who need to return to work and for students who prefer face to face learning for the 2020-2021 school year. The School takes pride in offering a family atmosphere environment, and benefits from the incredible family involvement experiences shared throughout the year.

The School will continue to strive for excellence and give our students the opportunity to be challenged and receive an education which teaches beyond the standards.

SCHOOL LOCATION

The School currently operates at 6301 SW 160 Ave, Southwest Ranches, FL 33331.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUND

As noted earlier, the School uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

GOVERNMENTAL FUNDS

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

At the end of the fiscal year, the School's governmental funds reported a combined ending fund balance of \$49,912 and a decrease in fund balance of \$67,042 for its sixth year of school operations.

CAPITAL ASSETS

The School's investment in capital assets, as of June 30, 2020 amounts to \$35,355 (net of accumulated depreciation). This investment in capital assets includes leasehold improvements, fixtures, furniture and equipment, audio visual materials and computer software. The School maintains a continuous capital improvements program to enhance facilities and update fixtures and equipment as required.

GOVERNMENTAL FUND BUDGET ANALYSIS

Prior to the start of the School’s fiscal year, the Board of the School adopted an annual budget. A budgetary comparison statement has been provided for the governmental funds to demonstrate compliance with the School’s budget.

	All Funds		
	Original Budget	Final Budget	Actual
REVENUES			
State passed through local	\$ 1,476,870	\$ 1,476,870	\$ 1,232,196
State capital outlay funding	84,000	84,000	83,208
Other income	122,500	122,500	102,421
TOTAL REVENUES	\$ 1,683,370	\$ 1,683,370	\$ 1,417,825
EXPENDITURES			
Instruction	\$ 891,544	\$ 891,544	\$ 714,563
Board	9,500	9,500	8,096
General administration	50,100	50,100	43,311
School administration	215,095	215,095	216,641
Food services	12,500	12,500	10,740
Student transportation services	6,000	6,000	2,000
Operation of plant	419,500	419,500	429,305
Maintenance of plant	26,000	26,000	26,523
Administrative technology services	15,000	15,000	13,744
Community services	10,500	10,500	-
Other capital outlay	20,000	20,000	19,944
TOTAL EXPENDITURES	\$ 1,675,739	\$ 1,675,739	\$ 1,484,867
Excess (deficiency) of revenues over expenditures	<u>\$ 7,631</u>	<u>\$ 7,631</u>	<u>\$ (67,042)</u>

REQUESTS FOR INFORMATION

This financial report is intended to provide a general overview of the finances of the School. Requests for additional information may be addressed to Ms. Elizabeth Gonzalez, Director of Operations, at 6301 SW 160 Ave, Southwest Ranches, FL 33331.

GREENTREE PREPARATORY CHARTER SCHOOL
STATEMENT OF NET POSITION
JUNE 30, 2020

	Governmental Activities
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 108,004
Accounts and other receivables	10,196
Due from governmental agencies	7,024
TOTAL CURRENT ASSETS	<u>125,224</u>
CAPITAL ASSETS, NET	<u>35,355</u>
TOTAL ASSETS	<u><u>\$ 160,579</u></u>
LIABILITIES AND NET POSITION	
LIABILITIES	
Accounts payable and accrued liabilities	7,123
Accrued wages payable	68,189
TOTAL CURRENT LIABILITIES	<u>75,312</u>
NET POSITION	
Invested in capital assets, net of related debt	35,355
Unrestricted	49,912
TOTAL NET POSITION	<u>85,267</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 160,579</u></u>

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

**GREENTREE PREPARATORY CHARTER SCHOOL
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

Functions	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	\$ 714,815	\$ -	\$ -	\$ -	\$ (714,815)
Board	8,096	-	-	-	(8,096)
General administration	43,311	-	-	-	(43,311)
School administration	216,641	-	-	-	(216,641)
Food services	10,740	-	-	-	(10,740)
Student transportation services	2,000	-	-	-	(2,000)
Operation of plant	440,814	-	-	83,208	(357,606)
Maintenance of plant	26,523	-	-	-	(26,523)
Administrative technology services	13,744	-	-	-	(13,744)
Total Governmental Activities	\$ 1,476,684	\$ -	\$ -	\$ 83,208	\$ (1,393,476)

GENERAL REVENUES:

Government grants not restricted to specific programs	\$ 1,232,196
Fundraising and other revenue	102,421
Total general revenues	<u>1,334,617</u>

Change in Net Position (58,859)

NET POSITION - BEGINNING 144,126

NET POSITION - ENDING \$ 85,267

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

**GREENTREE PREPARATORY CHARTER SCHOOL
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2020**

	<u>Governmental Fund</u>
ASSETS	
Cash and cash equivalents	\$ 108,004
Accounts and other receivables	10,196
Due from governmental agencies	<u>7,024</u>
TOTAL ASSETS	<u><u>\$ 125,224</u></u>
LIABILITIES AND FUND BALANCES	
LIABILITIES	
Accounts payable and accrued liabilities	\$ 7,123
Accrued wages payable	<u>68,189</u>
TOTAL LIABILITIES	<u>75,312</u>
FUND BALANCE	
Unassigned	<u>49,912</u>
TOTAL FUND BALANCE	<u>49,912</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 125,224</u></u>

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

**GREENTREE PREPARATORY CHARTER SCHOOL
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT
OF NET POSITION
JUNE 30, 2020**

Total Fund Balance - Governmental Funds	\$	49,912
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Amounts reported for governmental activities in the statement of activities are different because:

Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.

Capital assets	88,473
Accumulated depreciation	(53,118)

Total Net Position - Governmental Activities	<u>\$</u>	<u>85,267</u>
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The accompanying notes are an integral part of this financial statement.

**GREENTREE PREPARATORY CHARTER SCHOOL
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020**

	General Fund	Capital Projects Fund	Total Governmental Funds
REVENUES			
State passed through local	\$ 1,232,196	\$ -	\$ 1,232,196
State capital outlay funding	-	83,208	83,208
Other income	102,421	-	102,421
TOTAL REVENUES	\$ 1,334,617	\$ 83,208	\$ 1,417,825
EXPENDITURES			
Current:			
Instruction	\$ 714,563	\$ -	\$ 714,563
Board	8,096	-	8,096
General administration	43,311	-	43,311
School administration	216,641	-	216,641
Food services	10,740	-	10,740
Student transportation services	2,000	-	2,000
Operation of plant	346,097	83,208	429,305
Maintenance of plant	26,523	-	26,523
Administrative technology services	13,744	-	13,744
Capital Outlay:			
Other capital outlay	19,944	-	19,944
TOTAL EXPENDITURES	1,401,659	83,208	1,484,867
Excess of expenditures over revenues	(67,042)	-	(67,042)
Fund balance at beginning of year	116,954	-	116,954
Fund balance at end of year	<u>\$ 49,912</u>	<u>\$ -</u>	<u>\$ 49,912</u>

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

**GREENTREE PREPARATORY CHARTER SCHOOL
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

Change in Fund Balance - Governmental Funds	\$	(67,042)
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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 cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capital outlays	19,944
Depreciation expense	(11,761)

Change in Net Position of Governmental Activities	<u>\$</u>	<u>(58,859)</u>
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The accompanying notes are an integral part of this financial statement.

**GREENTREE PREPARATORY CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 1 – ORGANIZATION AND OPERATIONS

Reporting Entity

Greentree Preparatory Charter School (the “School”) is a charter school sponsored by the School Board of Broward County, Florida (the “District”) and is a component unit of the District. The School’s charter is held by Greentree Preparatory Charter School, Inc., a not-for-profit corporation, organized pursuant to Chapter 617, Florida Statutes, the Florida Not For Profit Corporation Act, and Section 1002.33, Florida Statutes. The governing body of the School is the Board of Directors which is comprised of seven members.

The general operating authority of Greentree Preparatory Charter School (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 Broward County, Florida (the “School Board”). The current charter is effective until June 30, 2033. 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 which case the School Board is required to notify the School in writing at least 90 days prior to the School’s expiration. During the term of the charter, the School Board may also terminate the charter if good cause is shown. The charter may be renewed pursuant to Section 1002.33(7)(b)(1), Florida Statutes, for such duration as may be established by mutual written agreement of the School and the School Board.

These financial statements are for the year ended June 30, 2020, when 165 students were enrolled in grades Kindergarten through 6th grade.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Based on the guidance provided in the American Institute of Certified Public Accountants Audit and Accounting Guide – Audits per State and Local Governments and provisions of Florida Statutes, the School is presented as a governmental organization for financial statement reporting purposes under standards set by the Government Auditing Standards Board (“GASB”).

Government-wide and Fund Financial Statements

Government-wide Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These statements report information for the School as a whole. Both statements report only governmental activities as the School does not engage in any business type activities. These statements do not include fiduciary funds.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees, (2) operating grants and contributions which finance annual operating activities, and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. Other revenue sources not properly included with program revenues are reported as general revenues.

**GREENTREE PREPARATORY CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

Fund financial statements are provided for governmental funds. The operations of the funds are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues and expenditures. Major individual governmental funds, namely, the general fund, and the special revenue and capital project funds (if any) are reported as separate columns in the fund financial statements:

General Fund – is the School’s primary operating fund. It accounts for all financial resources not accounted for and reported in another fund.

Capital Projects Fund – used to account for financial resources – used for the acquisition or construction of major capital facilities and for the proceeds and related expenditures of charter school capital outlay funding.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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 Governmental Accounting Standards Board (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 been satisfied.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Measurable means the amount of the transaction can be determined. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The School considers revenues to be available if they are collected within 90 days of the end of the fiscal year. Florida Education Finance Program (FEFP) revenues are recognized when received. A one-year availability period is used for revenue recognition for all other governmental fund revenues. When grant terms provide that the expenditure of funds is the prime factor for determining eligibility for federal, state, and other grant funds, revenue is recognized at the time the expenditure is made. Expenditures are recorded when the related fund liability is incurred, except for long-term debt principal and interest which are reported as expenditures in the year due.

Budgetary Basis 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). Any revisions to the annual budget are approved by the Board.

Cash and Cash Equivalents

The School’s cash is considered to be cash on hand and demand deposits, with original maturities of three months or less.

**GREENTREE PREPARATORY CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets, Depreciation and Amortization

Capital assets purchased or acquired are carried at historical cost or estimated historical cost. The School capitalization levels are \$750 on tangible personal property. Other costs incurred for repairs and maintenance are expensed as incurred. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the costs and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are as follows:

Furniture and equipment	3-5 Years
Computer equipment and software	3-5 Years
Building improvements	3-5 Years

Compensated Absences

The School grants a specific number of days of sick/personal leave. Full-time employees are eligible for sick leave of up to .66 days per month to up to eight days of active work during the ten-month period (a “benefit year”). In the event that available time is not used by the end of the benefit year, employees may “rollover” all unused sick days for use in future benefit years. The School also provides one personal leave day to eligible full-time employees. Unused personal leave is not eligible to be rolled over as part of the sick leave incentive. Employees may not “cash out” unused sick or personal days. Unused sick or personal days will not be paid to employees upon termination.

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 compensated absences available to be used in future benefit years.

The School also provides certain days to be used for specific personal matters such as family death and jury duty. Because the use of such days is contingent upon those events taking place and such events are out of the control of both the employer and the employee, there is no accrual for such days.

Government-wide Fund Net Assets

Government-wide fund net assets are divided into three components:

- Net investment in capital assets – consists of the historical cost capital assets less accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributable to the acquisition or improvement of those assets plus deferred outflows of resources less deferred inflows of resources. The net investment in capital assets for the year ending June 30, 2020 was \$35,355.
- Restricted net assets – consists of net assets with constraints placed on their use either by external groups such as creditors, grantors, contributors or laws or regulations of other governments less related liabilities and deferred inflows of resources. The restricted net position for the year ending June 30, 2020 was \$0.
- Unrestricted – all other net position is reported in this category.

**GREENTREE PREPARATORY CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Fund Balances

In the governmental fund financial statements, fund balances are classified as follows:

- Nonspendable – 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). At June 30, 2020, there is no nonspendable fund balance.
- Restricted – fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. At June 30, 2020, there is no restricted fund balance.
- Committed – fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School’s Board of Directors. At June 30, 2020, there is no committed fund balance.
- Assigned – fund balance classification are intended to be used by the School’s management for specific purposes but do not meet the criteria to be classified as restricted or committed. At June 30, 2020, there is no assigned fund balance.
- Unassigned – fund balance is the residual classification for the School’s general fund and includes all spendable amounts not contained in the other classifications.

Order of Fund Balance Spending Policy

The School’s policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance at the end of the fiscal year by adjusting journal entries. First Non-spendable fund balances are determined. Then restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then any remaining fund balance amounts for the non-general funds are classified as restricted fund balance. It is possible for the non-general funds to have negative unassigned fund balance when non-spendable amounts plus the restricted fund balances for specific purposes amounts exceed the positive fund balance for the non-general fund. As of June 30, 2020 there are no minimum fund balance requirements for any of the School’s funds.

Revenue Sources

Revenues for operations will be received primarily from the District School Board of Broward County (the “School Board”) pursuant to the funding provisions included in the School’s charter. In accordance with the funding provisions of the charter and Section 1002.33, Florida Statutes, the School will report the number of full-time equivalent (FTE) students and related data to the School Board. Under the provisions of Section 1011.62, Florida Statutes, the School Board reports the number of the full-time equivalent (FTE) students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program. Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the Florida Education Finance Program and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey periods. In addition, the School receives an annual allocation of charter school capital outlay funds for leasing of School facilities.

The School may also receive federal awards for the enhancement of various educational programs. 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, revenue is recognized to the extent that eligible expenditures have been incurred. Any excess amounts are recorded as deferred revenues until expensed. Additionally, other revenues may be derived from various fundraising activities and certain other programs.

**GREENTREE PREPARATORY CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

Greentree Preparatory Charter School, Inc. qualifies as a tax exempt organization under the Internal Revenue Code Section 501(c)(3), and is, therefore, exempt from income tax. Accordingly, no tax provision has been made in the accompanying financial statements.

Use of Estimates

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

Subsequent Events

The School has evaluated subsequent events and transactions for potential recognition or disclosure through September 29, 2020, which is the date the financial statements were available to be issued.

NOTE 3 – CAPITAL ASSETS

The following schedule provides a summary of changes in capital assets, acquired substantially with public funds, for the year ended June 30, 2020:

	Balance 7/1/2019	Additions	Deletions	Balance 6/30/2020
Capital Assets				
Improvements other than buildings	\$ 55,686	\$ 10,734	\$ -	\$ 66,420
Furniture and equipment	8,234	-	-	8,234
Audio visual materials and computer software	4,609	9,210	-	13,819
Total Capital Assets	<u>68,529</u>	<u>19,944</u>	<u>-</u>	<u>88,473</u>
Less Accumulated Depreciation				
Improvements other than buildings	(28,514)	(11,509)	-	(40,023)
Furniture and equipment	(8,234)	-	-	(8,234)
Audio visual materials and computer software	(4,609)	(252)	-	(4,861)
Total Accumulated Depreciation	<u>(41,357)</u>	<u>(11,761)</u>	<u>-</u>	<u>(53,118)</u>
Capital Assets, net	<u>\$ 27,172</u>	<u>\$ 8,183</u>	<u>\$ -</u>	<u>\$ 35,355</u>

Depreciation expense for the year ended June 30, 2020 was \$11,761, of which \$11,509 was allocated to operation of plant and \$252 was allocated to instruction in the statement of activities.

NOTE 4 – COMMITMENTS AND CONTINGENCIES

The School entered into a lease agreement for their facilities expiring July 2020, which was subsequently renewed through July 2021. The lease requires monthly lease payments of \$23,000 in September 2019 and \$28,000 through July 2021. The Director of Operations is the owner of the company that leases these facilities to the School (See Note 5). Rent expense for the use of facilities was \$321,000 for the year ended June 30, 2020 and is included in operation of plant.

**GREENTREE PREPARATORY CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 4 – COMMITMENTS AND CONTINGENCIES (Continued)

Future minimum payments are estimated as follows:

<u>Year Ended June 30</u>	
2021	\$ 336,000
2022	<u>28,000</u>
Total	<u>\$ 364,000</u>

NOTE 5 – RELATED PARTIES

A former board member of the School is the current Director of Operations. The Director of Operations is the owner of the company that leases facilities to the School (See Note 4). The Director of Operations is paid a salary for the services provided to the School, which include management, human resources, and other administrative services. This amount totaled \$50,000 for the year ended June 30, 2020, and is included in school administration expenditures.

NOTE 6 – DEPOSITS POLICY AND CREDIT RISK

It is the School's policy to maintain its cash and cash equivalents in major banks and in high grade investments. Deposits at FDIC-insured financial institutions are insured up to \$250,000 per depositor, per financial institution. As of June 30, 2020, the bank balance of the School's operating cash deposit accounts was \$108,004 and did not exceed the Federal Depository Insurance Corporation (FDIC) limit.

NOTE 7 – GRANTS

In the normal course of operations, the School receives grant funds from various federal, state and local agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of these audits is not reflected in these financial statements.

NOTE 8 – RISK MANAGEMENT

The 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 in the past. In addition, there were no reductions in insurance coverage from those in the prior year. The School does not sponsor a public entity risk pool and has had no settlements that have exceeded their insurance coverage.

NOTE 9 – SUBSEQUENT EVENTS

On August 27, 2020, the School entered into an Economic Injury Disaster Loan agreement for \$150,000 with the U.S Small Business Administration under Section 7(b) of the Small Business Act, as amended. The loan calls for monthly installment payments, including principal and interest, of \$641 beginning twelve (12) months from the date of the loan. Interest will accrue at the rate of 2.75% per annum and will accrue only on funds advanced from the date of each advance. The balance of principal and interest will be payable thirty (30) years from the date of the loan. As of the date of these financial statements, the School has received advances totaling \$149,900.

**GREENTREE PREPARATORY CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 10 – OTHER MATTERS

In January 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a “Public Health Emergency of International Concern,” which continues to spread throughout the world and has adversely impacted global commercial activity and contributed to significant declines and volatility in financial markets. The coronavirus outbreak and government responses are creating disruption in global supply chains and adversely impacting many industries. The outbreak could have a continued material adverse impact on economic and market conditions and trigger a period of global economic slowdown. The rapid development and fluidity of this situation precludes any prediction as to the ultimate material adverse impact of the coronavirus outbreak. Nevertheless, the outbreak presents uncertainty and risk with respect to the School, its performance, and its financial results.

REQUIRED SUPPLEMENTAL INFORMATION

**GREENTREE PREPARATORY CHARTER SCHOOL
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET
AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020**

	General Fund		
	Original Budget	Final Budget	Actual
REVENUES			
State passed through local	\$ 1,476,870	\$ 1,476,870	\$ 1,232,196
Other income	122,500	122,500	102,421
TOTAL REVENUES	<u>1,599,370</u>	<u>1,599,370</u>	<u>1,334,617</u>
EXPENDITURES			
Instruction	891,544	891,544	714,563
Board	9,500	9,500	8,096
General administrative	50,100	50,100	43,311
School administration	215,095	215,095	216,641
Food services	12,500	12,500	10,740
Student transportation services	6,000	6,000	2,000
Operation of plant	335,500	335,500	346,097
Maintenance of plant	26,000	26,000	26,523
Administrative technology services	15,000	15,000	13,744
Community services	10,500	10,500	-
Other capital outlay	20,000	20,000	19,944
TOTAL EXPENDITURES	<u>1,591,739</u>	<u>1,591,739</u>	<u>1,401,659</u>
 Net change in fund balance	 <u>\$ 7,631</u>	 <u>\$ 7,631</u>	 <u>\$ (67,042)</u>

See accompanying note to the required supplemental information.

**GREENTREE PREPARATORY CHARTER SCHOOL
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET
 AND ACTUAL – CAPITAL PROJECTS FUND
 FOR THE YEAR ENDED JUNE 30, 2020**

	Capital Projects Funds		
	Original Budget	Final Budget	Actual
REVENUES			
State capital outlay funding	\$ 84,000	\$ 84,000	\$ 83,208
TOTAL REVENUES	<u>84,000</u>	<u>84,000</u>	<u>83,208</u>
EXPENDITURES			
Operation of plant	84,000	84,000	83,208
TOTAL EXPENDITURES	<u>84,000</u>	<u>84,000</u>	<u>83,208</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying note to the required supplemental information.

**GREENTREE PREPARATORY CHARTER SCHOOL
NOTE TO REQUIRED SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE A – BUDGETARY INFORMATION

Budgetary basis of accounting

The School's annual budget is adopted for the entire operations at the combined governmental level and may be amended by the Board. The budget presented for the year ended June 30, 2020, has been amended according to Board procedures. During the fiscal year, expenditures were controlled at the fund level.

Although budgets are adopted for the entire operation, budgetary comparisons have been presented for the general fund for which a legally adopted budget exists.

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).



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*

Board of Directors of
Greentree Preparatory Charter School, Inc.
Southwest Ranches, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund balance of Greentree Preparatory Charter School, 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 29, 2020.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 29, 2020



MANAGEMENT LETTER

Board of Directors of
Greentree Preparatory Charter School, Inc.
Southwest Ranches, Florida

Report on the Financial Statements

We have audited the financial statements of Greentree Preparatory Charter School, Inc. (the “School”), a non-major component unit of the District School Board of Broward County, Florida, as of and for the fiscal year ended June 30, 2020, and have issued our report thereon dated September 29, 2020.

Auditor’s Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and 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 29, 2020, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings or recommendations made in the preceding 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 and the school code assigned by the Florida Department of Education of the school is Greentree Preparatory Charter School and #065130.

Financial Condition and Management

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

Pursuant to Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, we applied financial condition assessment procedures for the School. It is management's responsibility to monitor the School's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same. The financial condition assessment procedures applied in connection with our audit, has lead us to believe that the School's overall financial condition as of June 30, 2020 is not deteriorating.

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 did not maintain on its website the information specified in Section 1002.33(9)(p), Florida Statutes.

Additional Matters

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

Purpose of this Letter

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



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 29, 2020