

**LEGACY ACADEMY
CHARTER, INC.**

A Charter School and Component Unit of the
District School Board of Brevard County, Florida

INDEPENDENT AUDITOR'S REPORT
for the fiscal year ended JUNE 30, 2020

King & Walker, CPAs, PL

Certified Public Accountants

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LEGACY ACADEMY CHARTER, INC.

A Charter School and Component Unit of the District School Board of Brevard County, Florida

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Independent Auditor's Report

To the Board of Directors of the Legacy Academy Charter, Inc.
a Charter School and Component Unit of the District
School Board of Brevard County, Florida

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental 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 School'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 School'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 opinion.

Opinions

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

Emphasis Matter

Going Concern

As disclosed in Note 11 of the financial statements, the District School Board of Brevard County terminated the charter contract with the Legacy Academy Charter, Inc., effective August 18, 2020. Accordingly, the accompanying financial statements have been prepared assuming that the School will not continue as a going concern.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison Schedule, and Note to Required Supplementary Information, as listed on the table of contents, 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 historic 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 methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2020 on our consideration of the 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.

Respectfully submitted,



September 30, 2020
Tampa, Florida

LEGACY ACADEMY CHARTER, INC.

A Charter School and Component Unit of the District School Board of Brevard County, Florida

MANAGEMENT'S DISCUSSION AND ANALYSIS - (Unaudited)

The Management's Discussion and Analysis (MD&A) section of the annual financial report of the Legacy Academy Charter, Inc. ("School") provides an overview of the School's activities for the fiscal year ended June 30, 2020.

Because the information contained in the MD&A is intended to highlight significant transactions, events, and conditions, it should be considered in conjunction with the School's financial statements and notes to financial statements, as listed in the table of contents.

TERMINATION OF CHARTER AGREEMENT

The Brevard County School District approved the termination of the School's charter agreement effective August 18, 2020.

FINANCIAL HIGHLIGHTS

- For the fiscal year ended June 30, 2020, the School's expenses exceeded revenues as shown on the School's statement of revenues, expenditures, and changes in fund balances – governmental funds by \$28,632.
- As shown on the balance sheet – governmental funds, the School reported a deficit total fund balance of \$22,249.

OVERVIEW OF THE FINANCIAL STATEMENTS

The basic financial statements consist of three components:

- ✓ Government-wide financial statements
- ✓ Fund financial statements
- ✓ Notes to financial statements

Government-Wide Financial Statements

The government-wide financial statements provide both short-term and long-term information about the School's overall financial condition in a manner similar to those of a private-sector business. The statements include a statement of net position and a statement of activities that are designed to provide consolidated financial information about the governmental activities of the School presented on the accrual basis of accounting. The statement of net position provides information about the government's financial position, its assets and liabilities, using an economic resources measurement focus. The difference between the assets and liabilities, the net position, is a measure of the financial health of the School. The statement of activities presents information about the change in the School's net position and the results of operations, during the fiscal year. An increase or decrease in net position is an indication of whether the School's financial health is improving or deteriorating. To assess the overall financial position of the School, one needs to consider additional non-financial factors such as changes in the School student base funding level.

LEGACY ACADEMY CHARTER, INC.

A Charter School and Component Unit of the District School Board of Brevard County, Florida

MANAGEMENT'S DISCUSSION AND ANALYSIS - (Unaudited)

Fund Financial Statements

Fund financial statements are one of the components of the basic financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund financial statements provide more detailed information about the School's financial activities, focusing on its most significant funds rather than fund types. This is in contrast to the entity-wide perspective contained in the government-wide statements.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, the governmental funds utilize a spendable financial resources measurement focus rather than the economic resources measurement focus found in the government-wide financial statements. The financial resources measurement focus allows the governmental fund statements to provide information on near-term inflows and outflows of spendable resources as well as balances of spendable resources available at the end of the fiscal year.

The governmental fund statements provide a detailed short-term view that may be used to evaluate the School's near-term financing requirements. This short-term view is useful when compared to the long-term view presented as governmental activities in the government-wide financial statements. To facilitate this comparison, both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation of governmental fund to governmental activities.

The governmental funds balance sheet and statement of revenues, expenditures, and changes in fund balances provide detailed information about the School's most significant funds. The School operates the following funds; a General Fund to account for its general operations and internal account activities, a Special Revenue Fund to account for Federal grant programs and the School's food service operations, and a Capital Projects Fund to account for financial resources that are restricted, committed or assigned to expenditures for capital outlays. For reporting purposes, the General Fund is considered a major fund. All other governmental funds are non-major and are presented in the aggregate.

The School adopts an annual budget for its governmental funds. A budgetary comparison schedule, as required, has been provided for the General Fund to demonstrate compliance with the budget.

Notes to Financial Statements

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

LEGACY ACADEMY CHARTER, INC.

A Charter School and Component Unit of the District School Board of Brevard County, Florida

MANAGEMENT'S DISCUSSION AND ANALYSIS - (Unaudited)

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following is a summary of the School's current year and prior year net position:

	Net Position, End of Year		
	Governmental Activities		Increase (Decrease)
	6-30-19	6-30-20	
ASSETS			
Current and Other Assets	\$ 73,452	\$ 251,410	\$ 177,958
Capital Assets, Net	48,123	34,212	(13,911)
Total Assets	<u>121,575</u>	<u>285,622</u>	<u>164,047</u>
LIABILITIES			
Current Liabilities	67,069	273,659	206,590
Long Term Liabilities	81,577	60,080	(21,497)
Total Liabilities	<u>148,646</u>	<u>333,739</u>	<u>185,093</u>
NET POSITION			
Net Investment in Capital Assets	48,123	(25,868)	(73,991)
Unrestricted	(75,194)	(22,249)	52,945
Total Net Position	<u>\$ (27,071)</u>	<u>\$ (48,117)</u>	<u>\$ (21,046)</u>

Assets consist primarily of cash & cash equivalents, and the School's investment in capital assets, net of accumulated depreciation. Current liabilities consist of accounts payable, accrued salaries and benefits payable, and short-term loans payable. Long-term liabilities decreased due to the School making scheduled principal payments. The School reported a deficit total net position balance of \$48,117.

LEGACY ACADEMY CHARTER, INC.

A Charter School and Component Unit of the District School Board of Brevard County, Florida

MANAGEMENT'S DISCUSSION AND ANALYSIS - (Unaudited)

The following is a summary of the School's change in net position for the current year and prior year:

	Operating Results for the Year		
	Governmental Activities		Increase (Decrease)
	6-30-19	6-30-20	
Revenues:			
Federal Through State and Local	\$ 56,842	\$ 34,888	\$ (21,954)
State Sources	1,602,653	1,811,771	209,118
Local and Other	55,246	43,466	(11,780)
Total Revenues	<u>1,714,741</u>	<u>1,890,125</u>	<u>175,384</u>
Expenses:			
Instruction	853,757	823,102	(30,655)
Instr. & Curriculum Development	24,212	10,164	(14,048)
Instructional Staff Training	11,720	5,825	(5,895)
Instructional-Related Technology	2,408	176	(2,232)
Board	8,000	10,850	2,850
General Administration	79,824	85,236	5,412
School Administration	186,359	224,571	38,212
Facilities Acq. & Construction	228,879	424,846	195,967
Fiscal Services	26,212	30,247	4,035
Food Services	45,782	47,832	2,050
Student Transportation	-	1,625	1,625
Operation of Plant	202,141	177,840	(24,301)
Maintenance of Plant	3,040	3,324	284
Community Service	23,415	23,783	368
Debt Service - Interest	18,008	22,602	4,594
Unallocated Depreciation	10,737	19,148	8,411
Total Expenses	<u>1,724,494</u>	<u>1,911,171</u>	<u>186,677</u>
Increase/(Decrease) in Net Position	<u>\$ (9,753)</u>	<u>\$ (21,046)</u>	<u>\$ (11,293)</u>

The largest revenue source for the School is the State of Florida (96%). Revenues from State sources for current operations are primarily received through the Florida Education Finance Program (FEFP) funding formula. The FEFP formula utilizes student enrollment data to determine the funds available for the School.

The largest concentration of expenses was for instruction related functions (44%). Facilities Acquisition and Construction increased due to the increase in rent expenses.

LEGACY ACADEMY CHARTER, INC.

A Charter School and Component Unit of the District School Board of Brevard County, Florida

MANAGEMENT'S DISCUSSION AND ANALYSIS - (Unaudited)

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

Governmental Funds

As the School completed the year, its governmental funds reported a deficit total fund balance of \$22,249.

BUDGETARY HIGHLIGHTS

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The School's investment in capital assets for its governmental activities as of June 30, 2020, amounts to \$34,212 (net of accumulated depreciation). This investment in capital assets includes furniture, fixtures, and equipment, leasehold improvements, and construction in progress. Additional information about the School's capital assets is presented in the notes to the financial statements.

Long-Term & Short-Term Debt

As of June 30, 2020, the School had \$60,080 in long-term debt outstanding. In addition, during the 2019-20 fiscal year the School received a Paycheck Protection Program (PPP) Loan under the CARES Act amounting to \$198,810 and a \$10,000 loan under the SBA Economic Injury Disaster Loan Program to be used for payroll costs and health care benefits. The PPP loan is expected to be forgiven or repaid during the 2020-21 fiscal year. Additional information regarding the School's short and long-term liabilities can be found in subsequent notes to the financial statements.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Legacy Academy Charter, Inc.'s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the School's administrative office at 1923 Knox McRae Drive, Titusville, FL 32780.

LEGACY ACADEMY CHARTER, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF BREVARD COUNTY, FLORIDA

STATEMENT OF NET POSITION

June 30, 2020

ASSETS	<u>Governmental Activities</u>
Current Assets:	
Cash & Cash Equivalents	\$ 242,744
Due from Other Agencies	7,782
Prepaid Expenses	884
Capital Assets:	
Furniture, Fixtures, and Equipment, Net	10,739
Leasehold Improvements, Net	23,473
Total Capital Assets, Net	<u>34,212</u>
TOTAL ASSETS	<u>285,622</u>
LIABILITIES	
Accounts Payable	17,811
Salaries and Benefits Payable	47,038
Loans Payable	208,810
Long Term Liabilities:	
Notes Payable, Due in One Year	45,758
Notes Payable, Due After One Year	14,322
TOTAL LIABILITIES	<u>333,739</u>
NET POSITION	
Net Investment in Capital Assets	(25,868)
Unrestricted	(22,249)
TOTAL NET POSITION	<u><u>\$ (48,117)</u></u>

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

LEGACY ACADEMY CHARTER, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF BREVARD COUNTY, FLORIDA

STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2020

		Program Revenues			Net (Expenses)
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position Governmental Activities
Governmental Activities:					
Instruction	\$ 823,102	\$ -	\$ -	\$ -	\$ (823,102)
Instruction & Curriculum Development	10,164		1,291		(8,873)
Instructional Staff Training	5,825				(5,825)
Instructional-Related Technology	176				(176)
Board	10,850				(10,850)
General Administration	85,236				(85,236)
School Administration	224,571				(224,571)
Facilities Acquisition & Construction	424,846			118,011	(306,835)
Fiscal Services	30,247				(30,247)
Food Services	47,832	11,709	33,597		(2,526)
Student Transportation	1,625				(1,625)
Operation of Plant	177,840				(177,840)
Maintenance of Plant	3,324				(3,324)
Community Service	23,783	20,990			(2,793)
Debt Service - Interest	22,602				(22,602)
Unallocated Depreciation	19,148				(19,148)
Total Governmental Activities	\$ 1,911,171	\$ 32,699	\$ 34,888	\$ 118,011	(1,725,573)
General Revenues:					
					1,693,760
					10,767
					1,704,527
					(21,046)
					(27,071)
					\$ (48,117)

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

LEGACY ACADEMY CHARTER, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF BREVARD COUNTY, FLORIDA

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2020

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Activities</u>
ASSETS			
Cash & Cash Equivalents	\$ 242,744	\$ -	\$ 242,744
Due from Other Agencies		7,782	7,782
Due from Other Funds	7,782		7,782
Prepaid Expenses	884		884
Total Assets	<u>\$ 251,410</u>	<u>\$ 7,782</u>	<u>\$ 259,192</u>
LIABILITIES			
Accounts Payable	\$ 17,811	\$	\$ 17,811
Salaries and Benefits Payable	47,038		47,038
Loans Payable	208,810		208,810
Due to Other Funds		7,782	7,782
Total Liabilities	<u>273,659</u>	<u>7,782</u>	<u>281,441</u>
FUND BALANCES			
Unassigned	884		884
Nonspendable	<u>(23,133)</u>		<u>(23,133)</u>
Total Fund Balances	<u>(22,249)</u>	-	<u>(22,249)</u>
Total Liabilities and Fund Balances	<u>\$ 251,410</u>	<u>\$ 7,782</u>	<u>\$ 259,192</u>

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

LEGACY ACADEMY CHARTER, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF BREVARD COUNTY, FLORIDA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2020

Total Fund Balances - Governmental Funds	\$	(22,249)
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and therefore, are not reported as assets in governmental funds.		34,212
Governmental funds report long-term debt and long term receivable transactions as revenues or expenditures whereas these are not reported in the statement of activities.		(60,080)
		(60,080)
Total Net Position - Governmental Activities	\$	(48,117)
		(48,117)

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

LEGACY ACADEMY CHARTER, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF BREVARD COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2020

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues			
Intergovernmental:			
Federal Through State and Local	\$ -	\$ 34,888	\$ 34,888
State Sources	1,693,760	118,011	1,811,771
Local and Other	31,757	11,709	43,466
Total Revenues	<u>1,725,517</u>	<u>164,608</u>	<u>1,890,125</u>
Expenditures			
Current - Education:			
Instruction	823,102		823,102
Instruction & Curriculum Development	8,873	1,291	10,164
Instructional Staff Training	5,825		5,825
Instructional-Related Technology	176		176
Board	10,850		10,850
General Administration	85,236		85,236
School Administration	224,571		224,571
Facilities Acquisition & Construction	306,835	118,011	424,846
Fiscal Services	30,247		30,247
Food Services		47,832	47,832
Student Transportation	1,625		1,625
Operation of Plant	177,840		177,840
Maintenance of Plant	3,324		3,324
Community Service	23,783		23,783
Fixed Capital Outlay:			
Other Capital Outlay	5,237		5,237
Debt Service:			
Principal	21,497		21,497
Interest	22,602		22,602
Total Expenditures	<u>1,751,623</u>	<u>167,134</u>	<u>1,918,757</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(26,106)</u>	<u>(2,526)</u>	<u>(28,632)</u>
Other Financing Sources (Uses):			
Transfers In		2,526	2,526
Transfers (Out)	(2,526)		(2,526)
Total Other Financing Sources (Uses)	<u>(2,526)</u>	<u>2,526</u>	<u>-</u>
Net Change in Fund Balances	(28,632)	-	(28,632)
Fund Balances, July 1, 2019	6,383	-	6,383
Fund Balances, June 30, 2020	<u>\$ (22,249)</u>	<u>\$ -</u>	<u>\$ (22,249)</u>

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

LEGACY ACADEMY CHARTER, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF BREVARD COUNTY, FLORIDA
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2020

Net Change in Fund Balances - Governmental Funds	\$	(28,632)
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Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of depreciation expense (\$19,148) in excess of capital outlay (\$5,237) in the current period.		(13,911)
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Repayment of debt principal is an expenditure in the governmental funds, but the payment reduces long-term liabilities in the statement of net position.		21,497
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Change in Net Position - Governmental Activities	\$	(21,046)
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The accompanying notes to the financial statements are an integral part of this statement.

LEGACY ACADEMY CHARTER, INC.
A Charter School and Component Unit of the District School Board of Brevard County, Florida

NOTES TO FINANCIAL STATEMENTS
June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

➤ **Reporting Entity**

Legacy Academy Charter, Inc. (“School”) is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act. The governing body of the School is the Board of Directors, which is comprised of not less than three 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 Brevard County, Florida, (“District”). The current charter is effective until June 30, 2021, and is subject to annual review and may be renewed by mutual agreement between the School and the District. As more fully disclosed in Note 11 of the notes to financial statements, the District approved the termination of the School’s charter and contract be effective August 18, 2020. At the end of the term of the charter, the District may choose not to renew the charter under grounds specified in the charter. In this case, the District 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 District may also terminate the charter if good cause is shown. In the event of termination of the charter, the District shall assume operation of the School. The School is considered a component unit of the District; 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 which should be reported within the School's basic financial statements are identified and described in the Governmental Accounting Standards Board's (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*, Sections 2100 and 2600. 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**

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

Government-wide financial statements are prepared using the economic resources measurement focus. The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the School’s governmental activities. Direct expenses are those that are specifically associated

LEGACY ACADEMY CHARTER, INC.

A Charter School and Component Unit of the District School Board of Brevard County, Florida

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

with a service, program, or department and are thereby clearly identifiable to a particular function.

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

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

The School's major governmental fund is as follows:

- General Fund – to account for all financial resources not required to be accounted for in another fund, and for certain revenues from the State that are legally restricted to be expended for specific current operating purposes.

All other governmental funds are non-major and are presented in the aggregate.

➤ Basis of Accounting

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

The government-wide financial statements are prepared using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of the related cash flows. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are prepared using the modified accrual basis of accounting. Revenues, except for certain grant revenues, are recognized when they become measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The School considers revenues to be available if they are collected within 30 days of the end of the current fiscal year. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for Federal, State, and other grant resources, revenue is recognized at the time the expenditure is made. Under the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability

LEGACY ACADEMY CHARTER, INC.

A Charter School and Component Unit of the District School Board of Brevard County, Florida

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized when due. Allocations of cost, such as depreciation, are not recognized in governmental funds.

➤ **Cash and Cash Equivalents**

Cash and cash equivalents consist of demand deposits with one financial institution. Deposits on hand at this financial institution are insured by the Federal Deposit Insurance Company up to \$250,000.

➤ **Capital Assets**

Expenditures for capital assets acquired or constructed for general School purposes are reported in the governmental fund that financed the acquisition or construction. The capital assets so acquired are reported at cost in the government-wide statement of net position but are not reported in the governmental fund financial statements. Capital assets are defined by the School as those costing more than \$1,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at fair value at the date of donation.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Furniture, Fixtures and Equipment	3 years
Leasehold Improvements	5 years

➤ **Deferred Outflows/Inflows of Resources**

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

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

➤ **Long-Term Liabilities**

Long-term obligations that will be financed from resources to be received in the future by governmental funds are reported as liabilities in the government-wide statement of net position. Capital improvement debt is reported net of unamortized discount. The School amortizes debt discounts over the life of the debt using the straight-line method.

LEGACY ACADEMY CHARTER, INC.

A Charter School and Component Unit of the District School Board of Brevard County, Florida

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

In the governmental fund financial statements, bonds and other long-term obligations are not recognized as liabilities until due.

Changes in long-term liabilities for the current year are reported in a subsequent note.

➤ Net Position and Fund Balance Classification

Government-wide Financial Statements

Net Position are classified and reported in three components:

- Net Investment in Capital Assets – consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any borrowings that are attributed to the acquisition or improvement of those assets.
- Restricted Net Position – consists of net position with constraints placed on their use either by external groups such as creditors, contributors, or laws or regulations of other governments.
- Unrestricted Net Position – all other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

Fund Financial Statements

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

- 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). All nonspendable fund balances at year end relate to assets that are in nonspendable form.
- Restricted – fund balance that can be spent only for the specific purposes stipulated by the constitution, external resource providers, or through enabling legislation.
- Committed – fund balance that can be used only for the specific purposes determined by a formal action of the School’s Board of Governance.
- Assigned – fund balance that is intended to be used by the School’s management for specific purposes but does not meet the criteria to be classified as restricted or committed.
- Unassigned – fund balance that is the residual amount for the School’s general fund and includes all spendable amounts not contained in the other classifications.

LEGACY ACADEMY CHARTER, INC.

A Charter School and Component Unit of the District School Board of Brevard County, Florida

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

➤ **Order of Fund Balance Spending Policy**

The School's policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year. First, nonspendable fund balances are determined. Then restricted fund balances for specific purposes are determined (not including nonspendable amounts). Any remaining fund balance amounts for the non-general funds are to be classified as restricted fund balance. It is possible for the non-general funds to be classified as restricted fund balance. It is possible for the non-general funds to have negative unassigned fund balance when nonspendable amounts plus the amount of restricted fund balances for specific purposes exceed the positive fund balance for non-general fund.

➤ **Revenue Sources**

Revenues for current operations are received primarily from the District pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Section 1002.33(17), Florida Statutes, the School reports the number of full-time equivalent students and related data to the District.

Under provisions of Section 1011.62, Florida Statutes, the District reports the number of full-time equivalent students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program (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 (FTE) reported by the School during designated full-time equivalent student survey periods. The Department may also adjust subsequent fiscal period allocations based upon an audit of the School's compliance in determining and reporting FTE and related data. Normally, such adjustments are treated as reductions or additions of revenue in the year when the adjustments are made.

The basic amount of funding through the FEFP under Section 1011.62 is the product of the (1) unweighted FTE, multiplied by (2) the cost factor for each program, multiplied by (3) the base student allocation established by the legislature. Additional funds for exceptional students who do not have a matrix of services are provided through the guaranteed allocation designated in Section 1011.62(1)(e)2., Florida Statutes. For the fiscal year ended June 30, 2020, the School reported 233.97 unweighted FTE and 252.27 weighted FTE.

FEFP funding may also be adjusted as a result of subsequent FTE audits conducted by the Florida Auditor General pursuant to Section 1010.305, Florida Statutes, and Rule 6A-1.0453, Florida Administrative Code (FAC). Schools are required to maintain the following documentation for three years or until the completion of an FTE audit:

- Attendance and membership documentation (Rule 6A-1.044, FAC).

LEGACY ACADEMY CHARTER, INC.

A Charter School and Component Unit of the District School Board of Brevard County, Florida

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

- Teacher certificates and other certification documentation (Rule 6A-1.0503, FAC).
- Documentation for instructors teaching out-of-field (Rule 6A-1.0503, FAC).
- Procedural safeguards for weighted programs (Rule 6A-6.03411, FAC).
- Evaluation and planning documents for weighted programs (Section 1010.305, Florida Statutes, and Rule 6A-6.03411, FAC).

The School receives federal or state 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 or state 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 receives state funds through the District under charter school capital outlay funding pursuant to Section 1013.62, Florida Statutes. Funds are based upon a capital outlay plan submitted to the District and are to be used for lease, rent or construction of school facilities. The School also receives funding through donations and fundraising efforts, school lunch sales and local property tax collections.

The School follows the policy of applying restricted resources prior to applying unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted assets are available.

➤ **Income Taxes**

The School is exempt from Federal tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been included in the accompanying financial statements. Additionally, no uncertain tax positions have been made requiring disclosure in the related notes to financial statements. The School's income tax returns for the past three years are subject to examination by tax authorities and may change upon examination.

➤ **Use of Estimates**

In preparing the financial statements in conformity with generally accepted accounting principles in the United States management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the statement of net position and affect revenues and expenditures for the period presented. Actual results could differ from those estimates.

➤ **Subsequent Events**

Management has evaluated all events subsequent to the balance sheet date and through the report date, which is the date these financial statements were available to be issued. Management is currently evaluating the impact of the COVID-19 pandemic on the industry and has concluded that while it is reasonably possible that the virus could have a negative effect on the Organization's financial position, results of its operations and/or cash flows, the specific impact is not readily determinable as of the date of these financial statements. The financial statements

LEGACY ACADEMY CHARTER, INC.

A Charter School and Component Unit of the District School Board of Brevard County, Florida

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

do not include any adjustments that might result from the outcome of this uncertainty.

The District School Board of Brevard County terminated the charter contract with the Legacy Academy Charter, Inc., effective August 18, 2020.

2. CHANGES IN CAPITAL ASSETS

Changes in capital assets are presented in the table below:

	Beginning Balance	Additions	Deletions	Ending Balance
<u>GOVERNMENTAL ACTIVITIES</u>				
Capital Assets Not Being Depreciated:				
Construction in Progress	\$ 2,500		\$ (2,500)	\$ -
Total Capital Assets Not Being Depreciated	<u>2,500</u>	<u>-</u>	<u>(2,500)</u>	<u>-</u>
Capital Assets Being Depreciated:				
Furniture, Fixtures and Equipment	49,401		-	49,401
Leasehold Improvements	6,959	7,737	-	14,696
Total Capital Assets Being Depreciated	<u>56,360</u>	<u>7,737</u>	<u>-</u>	<u>64,097</u>
Less Accumulated Depreciation for:				
Furniture, Fixtures and Equipment	(9,461)	(16,467)	-	(25,928)
Leasehold Improvements	(1,276)	(2,681)	-	(3,957)
Total Accumulated Depreciation	<u>(10,737)</u>	<u>(19,148)</u>	<u>-</u>	<u>(29,885)</u>
Total Capital Assets Being Depreciated, Net	<u>45,623</u>	<u>(11,411)</u>	<u>-</u>	<u>34,212</u>
Governmental Activities Capital Assets, Net	<u>\$ 48,123</u>	<u>\$ (11,411)</u>	<u>\$ (2,500)</u>	<u>\$ 34,212</u>

All depreciation expense was shown as unallocated on the Statement of Activities.

3. LOANS PAYABLE

The School was granted a loan from Wells Fargo Bank, National Association in May 2020, in the amount of \$198,810, pursuant to the Paycheck Protection Program (the "PPP") under Division A, Title I of the CARES Act, which was enacted March 27, 2020. In addition, the School received an advance under the SBA Economic Injury Disaster Loan Program of \$10,000 in May 2020.

The PPP Loan, which was in the form of a Note dated May 3, 2020, matures on May 3, 2022, and bears interest at a rate of 1% per annum, payable monthly commencing on November 1, 2020. The Note may be prepaid by the School at any time prior to maturity with no prepayment penalties. If the funds from the Loan and Advance may only be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent, utilities, and interest on other debt obligations incurred before February 15, 2020. The School intends to use the entire amounts from the Loan and Advance for qualifying expenses. Under the terms of the PPP, certain amounts of the Loan and Advance may be forgiven if they are used for qualifying expenses as described in the CARES Act.

LEGACY ACADEMY CHARTER, INC.

A Charter School and Component Unit of the District School Board of Brevard County, Florida

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

4. NOTE PAYABLE

As of June 30, 2020, the School’s long-term debt included the following note payable:

Note Payable - Legacy Funding Services, LLC <hr/> \$118,008, borrowed 11-15-18, to cover costs of operations, bearing interest at 1.5% per month, payable by August 2021. In the event this note shall be in default, a one percent default fee per month the loan is in active default will be compounded monthly.	Balance at 6-30-20 <hr/> \$ 60,080 <hr/> \$ 60,080 <hr/>
Total Note Payable	<hr/> \$ 60,080 <hr/>

Scheduled payments for the note payable are as follows:

Fiscal Year Ending June 30	Total	Principal	Interest
2021	52,919	45,758	7,161
2022	14,800	14,322	478
Total	<u>\$ 67,719</u>	<u>\$ 60,080</u>	<u>\$ 7,639</u>

5. CHANGES IN LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities:

	Beginning Balance	Additions	Deductions	Ending Balance	Due in One Year
GOVERNMENTAL ACTIVITIES:					
Note Payable	\$ 81,577	\$ -	\$ (21,497)	\$ 60,080	\$ 45,758
Total Governmental Activities	<u>\$ 81,577</u>	<u>\$ -</u>	<u>\$ (21,497)</u>	<u>\$ 60,080</u>	<u>\$ 45,758</u>

6. INTERFUND TRANSFERS & INTERFUND DUE TO/FROM

The Special Revenue fund transferred \$2,526 to the General Fund to provide financial support for costs of operation and maintenance, including utility costs, among other costs incurred by the General Fund for the Food Service Program. This amount is netted together and not reported in the statement of activities. The Special Revenue Fund owed the General Fund \$7,782 for expenditures awaiting reimbursement from the District for grant expenditures. This amount is netted together and not report in the statement of net position.

LEGACY ACADEMY CHARTER, INC.

A Charter School and Component Unit of the District School Board of Brevard County, Florida

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

7. SCHEDULE OF STATE REVENUE SOURCES

The following is a schedule of the School’s State revenue:

<u>Source</u>	<u>Amount</u>
Florida Education Finance Program	\$ 1,062,778
Class Size Reduction	293,006
Charter School Capital Outlay	118,011
Discretionary Millage	102,062
ESE Guaranteed Allocation	73,877
Supplementary Academic Instruction	64,235
Discretionary Compression	31,112
Instructional Materials	16,437
Safe Schools	14,284
Miscellaneous State Revenue	14,052
Reading Allocation	9,994
Mental Health Allocation	5,930
Teachers Lead	4,807
Digital Classrooms	955
Discretionary Lottery	231
Total State Revenue	<u>\$ 1,811,771</u>

As provided in the charter school contract, the District has charged the School an administrative fee amounting to \$85,236.

8. COMMITMENTS AND CONTINGENT LIABILITIES

The School participates in state 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 the collectability of any related receivables at June 30, 2020, may be impaired.

In the opinion of the School, there are no significant 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.

9. FUNDING AND CREDIT RISK CONCENTRATIONS

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

LEGACY ACADEMY CHARTER, INC.

A Charter School and Component Unit of the District School Board of Brevard County, Florida

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

10. FACILITY LEASE

The School entered into a lease agreement for its educational facilities through June 30, 2038. On April 16, 2020 Addendum to Lease #3 was executed. The Landlord agreed to accept \$10,000 for April – June of 2020. Additionally, the monthly payments will be \$35,000 per month commencing July 2020 through June 2021. Commencing July 1, 2021, the annual fixed rent shall follow Exhibit B of the Lease. The Annual rent payments increase by 2% each lease year. The lease requires the School to pay taxes, insurance and utility costs. Rental expenditures under this lease agreement for the fiscal year were \$424,846.

11. TERMINATION OF CHARTER CONTRACT AND GOING CONCERN

The District School Board of Brevard County approved the termination of the charter contract with Legacy Academy Charter, Inc. effective August 18, 2020. In accordance with the District's contract termination, the accompanying financial statements have been prepared assuming that the School will not continue as a going concern.

12. DEFICIT FUND BALANCE AND NET POSITION

The School reported a deficit net position and total fund balance of \$48,117 and \$22,249, respectively at June 30, 2020. The District School Board of Brevard County approved the termination of the charter contract with Legacy Academy Charter, Inc. effective August 18, 2020.

13. RISK MANAGEMENT PROGRAMS

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the School carries commercial insurance. There have been no significant reductions in insurance coverage and settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

14. 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

LEGACY ACADEMY CHARTER, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF BREVARD COUNTY, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND - (UNAUDITED)
For the Fiscal Year Ended June 30, 2020

	General Fund			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental:				
State Sources	\$ 1,608,524	\$ 1,693,760	\$ 1,693,760	\$ -
Local and Other	41,251	31,757	31,757	-
Total Revenues	<u>1,649,775</u>	<u>1,725,517</u>	<u>1,725,517</u>	<u>-</u>
Expenditures:				
Current - Education:				
Instruction	825,602	823,102	823,102	-
Instruction & Curriculum Development	10,164	8,873	8,873	-
Instructional Staff Training	5,825	5,825	5,825	-
Instructional-Related Technology	176	176	176	-
Board	10,850	10,850	10,850	-
General Administration		85,236	85,236	-
School Administration	225,963	224,571	224,571	-
Facilities Acquisition & Construction	306,835	306,835	306,835	-
Fiscal Services	30,247	30,247	30,247	-
Central Services	16,467	-	-	-
Student Transportation	1,625	1,625	1,625	-
Operation of Plant	177,840	177,840	177,840	-
Maintenance of Plant	6,061	3,324	3,324	-
Community Service	23,783	23,783	23,783	-
Fixed Capital Outlay:				
Other Capital Outlay		5,237	5,237	-
Debt Service:				
Principal	25,006	21,497	21,497	-
Interest	19,093	22,602	22,602	-
Total Expenditures	<u>1,685,537</u>	<u>1,751,623</u>	<u>1,751,623</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(35,762)</u>	<u>(26,106)</u>	<u>(26,106)</u>	<u>-</u>
Other Financing Sources (Uses):				
Transfers (Out)	-	(2,526)	(2,526)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(2,526)</u>	<u>(2,526)</u>	<u>-</u>
Net Change in Fund Balance	<u>(35,762)</u>	<u>(28,632)</u>	<u>(28,632)</u>	<u>-</u>
Fund Balance, July 1, 2019	26,566	6,383	6,383	-
Fund Balance, June 30, 2020	<u>\$ (9,196)</u>	<u>\$ (22,249)</u>	<u>\$ (22,249)</u>	<u>\$ -</u>

See Independent Auditor's Report.

LEGACY ACADEMY CHARTER, INC.

A Charter School and Component Unit of the District School Board of Brevard County, Florida

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2020

1. BUDGETARY BASIS OF ACCOUNTING

Budgets are presented on the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the object level (e.g., salaries and benefits, purchased services, materials and supplies and capital outlay) within each activity (e.g., instruction, pupil personnel services and school administration). Budgets may be amended by resolution at any Board meeting prior to the date for the annual report.

Members:
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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 the Legacy Academy Charter, Inc.
a Charter School and Component Unit of the District
School Board of Brevard County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Legacy Academy Charter, Inc. (“School”), a component unit of the District School Board of Brevard County, Florida, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School’s basic financial statements, and have issued our report thereon dated September 30, 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School’s financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant 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 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 School'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 School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

A handwritten signature in black ink that reads "King & Walker, CPAs". The signature is written in a cursive style with a large, stylized 'K' and 'W'.

September 30, 2020
Tampa, Florida

Members:
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**Management Letter as Required by Rules of the Florida Auditor General,
Chapter 10.850, Florida Statutes, *Charter School Audits***

To the Board of Directors of the Legacy Academy Charter, Inc.
a Charter School and Component Unit of the District
School Board of Brevard County, Florida

Report on the Financial Statements

We have audited the financial statements of Legacy Academy Charter, Inc. (“School”), a component unit of the District School Board of Brevard County, Florida, as of and for the fiscal year ended June 30, 2020, and have issued our report thereon dated September 30, 2020.

Auditor’s Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and 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 those reports and schedule, which are dated September 30, 2020, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title

Section 10.854(1)(e)5., Rules of the Auditor General, requires that the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title and the school code assigned by the Florida Department of Education of the entity are Legacy Academy Charter, 056546.

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 review of financial information provided by same.

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

Transparency

Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether the School maintains on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that the School maintained on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes.

Additional Matters

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

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

Purpose of this Letter

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

Respectfully submitted,

Handwritten signature in black ink that reads "King & Walker, CPAs". The signature is written in a cursive, flowing style.

September 30, 2020
Tampa, Florida