



Odyssey Charter School
(A charter school under
Odyssey Charter School, Inc.)
**(A Charter School and Component Unit
of the School Board of Brevard County, Florida)**

W/L #6507
Palm Bay, Florida

Financial Statements and
Independent Auditors' Report

June 30, 2020

TABLE OF CONTENTS

General Information	1	
Independent Auditors' Report.	2-3	
Management's Discussion and Analysis (Required Supplementary Information)	4-8	
Basic Financial Statements:		
<i>Government-wide Financial Statements:</i>		
Statement of Net Position	9	
Statement of Activities.	10	
<i>Fund Financial Statements:</i>		
Balance Sheet - Governmental Funds.	11	
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position	12	
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds.	13	
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities.	14	
Notes to the Basic Financial Statements	15-30	
Required Supplementary Information:		
Budgetary comparison schedules.	31-34	
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 <i>Government Auditing Standards</i>		35-36
Management Letter	37-38	

Odyssey Charter School
(A charter school under Odyssey Charter School, Inc.)
W/L# 6507

1755 Eldron Blvd S.E.
Palm Bay, FL 32909

2019-2020

BOARD OF DIRECTORS

Leslie Maloney, President
Andy Ziegler, Vice President
Amber Miller, Secretary
Amanda Larson, Treasurer

SCHOOL ADMINISTRATION

Dr. Monica Knight, Jr. /Sr. High Site Administrator
Wendi Nolder, Elementary Site Administrator



INDEPENDENT AUDITORS' REPORT

Board of Directors
Odyssey Charter School
Palm Bay, Florida

We have audited the accompanying financial statements of the governmental activities and each major fund of Odyssey Charter School (the "School"), a charter school under Odyssey Charter School, Inc. , which is a component unit of the School Board of Brevard 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 of America. 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.

396 Alhambra Circle, Suite 900, Coral Gables, FL 33134 • Tel: 305.446.3022 • Fax: 305.446.6319
www.hlbgravier.com

HLB Gravier, LLP is a member of  International. A world-wide organization of accounting firms and business advisers.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Odyssey Charter 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.

Other Matters

As described in Note 1, the accompanying financial statements referred to above present only the financial position of Odyssey Charter School as of June 30, 2020, and the respective changes in financial position for the year then ended, and is not intended to be a complete presentation of Odyssey Charter School, Inc. These financial statements do not purport to and do not present fairly the financial position of Odyssey Charter School, Inc. as of June 30, 2020 and its changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 28, 2020, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 8 and 31 through 34 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.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
August 28, 2020

Management’s Discussion and Analysis
Odyssey Charter School
(A Charter School Under Odyssey Charter School, Inc.)
June 30, 2020

The corporate officers of Odyssey Charter School have prepared this narrative overview and analysis of the school’s financial activities for the year ended June 30, 2020.

Financial Highlights

1. The net position of the School at June 30, 2020 was \$5,153,314.
2. At year-end, the School had current assets on hand of \$13,079,898.
3. The School had an increase in net position of \$513,084 for the year ended June 30, 2020.
4. The unassigned fund balance at year end was \$1,928,362.

Overview of the Financial Statements

This discussion and analysis is 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, deferred outflows of resources, liabilities and deferred inflows of resources. The difference between the four 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 when the underlying event 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 years.

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. *Government Funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Government 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.

The Board of the School adopts an annual appropriated budget for its governmental funds. A budgetary comparison statement has been provided for the 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 the financial statements can be found on pages 15 - 30 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a charter school's financial position. In the case of the School, net position was \$5,153,314 at the close of the fiscal year. A summary of the School's net position as of June 30, 2020 and 2019 is as follows:

	2020	2019
Cash	\$ 2,896,487	\$ 2,420,689
Restricted cash held by trustee	9,280,403	1,277,087
Deposits receivable	82,520	191,532
Due from other agencies	820,488	272,072
Due from charter school	-	286,135
Capital assets, net	17,800,218	12,661,629
Total Assets	<u>30,880,116</u>	<u>17,109,144</u>
Deferred Outflows	<u>-</u>	<u>-</u>
Accounts payable and accrued liabilities	1,788,613	723,063
Long term debt	23,938,189	11,745,851
Total Liabilities	<u>25,726,802</u>	<u>12,468,914</u>
Deferred Inflows	<u>-</u>	<u>-</u>
Net Position:		
Net investment in capital assets and long term receivables	257,685	1,201,913
Restricted by bonds	9,280,403	1,277,087
Unrestricted (deficit)	<u>(4,384,774)</u>	<u>2,161,230</u>
Total Net Position	<u>\$ 5,153,314</u>	<u>\$ 4,640,230</u>

At the end of the year, the School is able to report positive balances in total net position.

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

	<u>2020</u>	<u>2019</u>
REVENUES		
Program Revenues		
Capital grants and contributions	\$ 1,420,726	\$ 1,116,459
Federal sources	1,419,354	766,858
Federal lunch program	471,242	615,909
Charges for services	276,765	391,095
General Revenues		
FTE and other nonspecific revenues	10,664,963	9,758,515
Other revenues	180,025	64,270
Total Revenues	<u>14,433,075</u>	<u>12,713,106</u>
EXPENSES		
Component Unit Activities:		
Instruction	6,504,635	5,820,000
Student support services	321,749	165,143
Instructional media services	16,313	15,853
Instructional and curriculum development services	205,239	157,065
Instructional staff training	44,223	44,912
Instructional related technology	440,914	212,850
School administration	2,415,428	2,316,940
Fiscal services	190,878	166,614
Food services	791,475	819,664
Pupil transportation services	481,579	431,197
Operation of plant	1,149,249	1,176,728
Maintenance of plant	79,219	122,830
Community services	138,548	226,755
Interest	1,140,542	690,531
Total Expenses	<u>13,919,991</u>	<u>12,367,082</u>
Increase in Net Position	513,084	346,024
Net Position at Beginning of Year	4,640,230	4,294,206
Net Position at End of Year	<u>\$ 5,153,314</u>	<u>\$ 4,640,230</u>

The School's revenue increased by \$1,719,969 in the current year and expenses increased by \$1,552,909 as a result of an increase in student enrollment of approximately 96 students. The School had an increase in its net position of \$513,084 for the year.

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, the *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.

Most of the School's operations are funded in the General Fund. The majority of the General Fund revenues are distributed to the School by the District through the Florida Education Finance Program (FEFP), which uses formulas to distribute state funds and an amount of local property taxes (i.e., required local effort) established each year by the Florida Legislature.

At the end of the fiscal year, the School's governmental general fund reported ending fund balance of \$2,010,882. The fund balance unassigned and available for spending at the School's discretion is \$1,928,362. These funds will be available for the School's future operations.

Achievements 2019-2020

Odyssey Charter School had a very exciting 2019-2020 school year, successfully moving into online instruction with the COVID-19 pandemic. We received a lot of positive comments about the rigor of our online instruction and the involvement of our teachers in student learning, serving more than 1500 students virtually for three months. Our enrollment increased approximately 10% as Odyssey Charter Elementary campus added an additional 4th grade classroom and Odyssey Charter Jr/Sr High graduated its third senior class of 37 students, up from 21 in 2018-2019. Our Jr/Sr High began construction on a Wellness and Performing Arts Centre, including a gymnasium and a regulation soccer field and track. Our Elementary campus began construction on a 5-classroom addition, expanded car loop with additional parking, elementary soccer field, track, and a separate staff parking lot. We are excited to continue to add unique components to our school, including deepening our nutrition curriculum at all sites, reopening our organic farm, and expanding our elementary and Jr/Sr High electives with the addition of Project Lead the Way (PLTW), robotics, computer simulation and design, digital art and design, and ceramics. All sites have also continued to grow our GATEway (gifted and talented programs) to support our highest performing students and developing means to differentiate for all students with academic enrichment periods at all elementary grade levels with special programs like PLTW and Renzulli. We have also become an Advanced Placement Capstone school and we have also doubled our dual enrollment numbers in the past year, making our Jr/Sr High more appealing for high school students.

Capital Assets

The School's investment in capital assets as of June 30, 2020 amounts to \$17,800,218 (net of accumulated depreciation). This investment in capital assets includes building and improvements, vehicles, furniture, fixtures and computer equipment. As of June 30, 2020, the School had long term debt totaling \$23,003,787 relating to capital assets.

Governmental Fund Budget Analysis and Highlights

Prior to the start of the School's fiscal year, the Board of the Charter School adopted an annual budget. A budgetary comparison statement has been provided for total governmental funds (general fund, capital projects fund and non-major governmental funds) to demonstrate compliance with the School's budget.

	Original Budget	Final Budget	Actual
REVENUES			
Program Revenues			
Capital grants and contributions	\$ 744,475	\$ 1,420,725	\$ 1,420,726
Federal sources	1,338,420	1,419,350	1,419,354
Federal lunch program	978,400	472,000	543,667
Charges for services	213,600	214,100	204,340
General Revenues			
FTE and Other Nonspecific Revenues	11,345,998	10,666,000	10,664,963
Other Revenues	200,000	179,100	180,025
Total Revenues	<u>14,820,893</u>	<u>14,371,275</u>	<u>14,433,075</u>

EXPENDITURES

Component Unit Activities:

Instruction	6,142,053	6,315,700	6,309,097
Student support services	370,955	321,450	321,749
Instructional media services	13,596	16,000	16,313
Instructional and curriculum development services	215,348	205,250	205,239
Instructional staff training	61,925	44,175	44,223
Instructional related technology	342,516	441,300	440,914
School administration	2,406,477	2,406,650	2,406,040
Fiscal services	168,042	190,000	190,878
Food services	1,113,900	770,000	770,063
Pupil transportation services	577,671	384,300	385,063
Operation of plant	1,096,154	746,475	746,356
Maintenance of plant	206,000	79,000	79,219
Community services	88,024	138,000	138,548
Total Expenditures (before capital outlay and debt service)	<u>12,802,661</u>	<u>12,058,300</u>	<u>12,053,702</u>
Capital outlay	5,720,000	5,864,350	5,864,336
Repayment of principal on notes payable	425,375	425,375	429,197
Bond issuance costs, net	500,000	512,890	512,892
Interest expense	1,140,545	1,140,545	1,140,542
Total Expenditures	<u>\$ 20,588,581</u>	<u>\$ 20,001,460</u>	<u>\$ 20,000,669</u>

Most variances occurred as a result of increasing actual expenditures when compared to budgeted figures.

Requests for Information

This financial report is intended to provide a general overview of the finances of the Charter School. Requests for additional information may be addressed to Green Apple School Management, LLC, 1900 S. Harbor City Blvd., Suite 120, Melbourne, FL 32901.

Odyssey Charter School
(A charter school under Odyssey Charter School, Inc.)
Statement of Net Position
June 30, 2020

	Primary Government <u>Governmental Activities</u>
<u>Assets</u>	
Current assets:	
Cash	\$ 2,896,487
Restricted cash held by trustee	9,280,403
Due from other agencies	820,488
Deposits receivable and prepaid expenses	<u>82,520</u>
	13,079,898
Land	2,295,370
Construction in Progress	5,675,993
Capital assets, depreciable	16,002,893
Less: accumulated depreciation	<u>(6,174,038)</u>
	17,800,218
Total Assets	<u>30,880,116</u>
<u>Deferred Outflows of Resources</u>	
	<u>-</u>
<u>Liabilities</u>	
Current liabilities:	
Salaries and wages payable	629,355
Accounts payable and accrued expenses	790,467
Retainage payable	368,791
Capital lease obligation payable within one year	37,723
Bonds payable within one year	200,226
Notes payable within one year	<u>117,662</u>
	2,144,224
Long-term debt:	
Due to other divisions of Odyssey Charter School, Inc.	94,130
Notes payable to bank under the Paycheck Protection Program	844,096
Notes payable	207,692
Capital lease obligation	10,000
Bonds payable	<u>22,426,660</u>
Total Liabilities	25,726,802
<u>Deferred Inflows of Resources</u>	
	<u>-</u>
<u>Net position</u>	
Net investment in capital assets and long term receivables	257,685
Restricted by bonds for:	
Capital Projects	7,872,603
Debt Service	1,407,800
Unrestricted (deficit)	<u>(4,384,774)</u>
Total Net Position	<u>\$ 5,153,314</u>

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

Odyssey Charter School
(A charter school under Odyssey Charter School, Inc.)
Statement of Activities
For the year ended June 30, 2020

	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Governmental activities:					
Instruction	\$ 6,504,635	\$ -	\$ 815,516	\$ -	\$ (5,689,119)
Student support services	321,749	-	314,451	-	(7,298)
Instructional media services	16,313	-	-	-	(16,313)
Instructional and curriculum development services	205,239	-	205,239	-	-
Instructional staff training	44,223	-	31,179	-	(13,044)
Instructional related technology	440,914	-	45,289	-	(395,625)
School administration	2,415,428	-	-	-	(2,415,428)
Fiscal services	190,878	-	-	-	(190,878)
Food services	791,475	72,425	471,242	-	(247,808)
Pupil transportation services	481,579	-	7,680	-	(473,899)
Operation of plant	1,149,249	-	-	1,420,726	271,477
Maintenance of plant	79,219	-	-	-	(79,219)
Community services	138,548	204,340	-	-	65,792
Interest	1,140,542	-	-	-	(1,140,542)
Total governmental activities	13,919,991	276,765	1,890,596	1,420,726	(10,331,904)
General revenues:					
FTE and other nonspecific revenues					10,664,963
Interest and other revenue					180,025
Change in net position					513,084
Net position, beginning					4,640,230
Net position, ending					\$ 5,153,314

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

Odyssey Charter School
(A charter school under Odyssey Charter School, Inc.)
Balance Sheet - Governmental Funds
June 30, 2020

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
<u>Assets</u>					
Cash	\$ 2,896,487	\$ -	\$ -	\$ -	\$ 2,896,487
Restricted cash held by trustee	-	-	1,407,800	7,872,603	9,280,403
Due from other agencies	-	714,726	-	105,762	820,488
Deposits receivable and prepaid expenses	82,520	-	-	-	82,520
Due from funds	820,488	-	-	-	820,488
Total Assets	<u>3,799,495</u>	<u>714,726</u>	<u>1,407,800</u>	<u>7,978,365</u>	<u>13,900,386</u>
<u>Deferred Outflows of Resources</u>					
	-	-	-	-	-
<u>Liabilities</u>					
Salaries and wages payable	629,355	-	-	-	629,355
Retainage payable	368,791	-	-	-	368,791
Accounts payable and accrued expenses	790,467	-	-	-	790,467
Due to funds	-	714,726	-	105,762	820,488
Total Liabilities	<u>1,788,613</u>	<u>714,726</u>	<u>-</u>	<u>105,762</u>	<u>2,609,101</u>
<u>Deferred Inflows of Resources</u>					
	-	-	-	-	-
<u>Fund balance</u>					
Nonspendable, not in spendable form	82,520	-	-	-	82,520
Restricted by bonds	-	-	1,407,800	7,872,603	9,280,403
Unassigned	1,928,362	-	-	-	1,928,362
	<u>2,010,882</u>	<u>-</u>	<u>1,407,800</u>	<u>7,872,603</u>	<u>11,291,285</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 3,799,495</u>	<u>\$ 714,726</u>	<u>\$ 1,407,800</u>	<u>\$ 7,978,365</u>	<u>\$ 13,900,386</u>

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

Odyssey Charter School
(A charter school under Odyssey Charter School, Inc.)
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position
For the year ended June 30, 2020

Total Fund Balance - Governmental Funds \$ 11,291,285

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets of \$23,974,256 net of accumulated depreciation of \$6,174,038 used in governmental activities are not financial resources and therefore are not reported in the fund. 17,800,218

Long term debt is not due and payable in the current period and, therefore, is not reported in the governmental funds. (23,938,189)

Total Net Position - Governmental Activities \$ 5,153,314

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

Odyssey Charter School
(A charter school under Odyssey Charter School, Inc.)
Statement of Revenues, Expenditures, and Changes in Fund Balance-Governmental Funds
For the year ended June 30, 2020

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Revenues:					
State capital outlay funding	\$ -	\$ -	\$ -	\$ 1,420,726	\$ 1,420,726
State passed through local	10,664,963	-	-	-	10,664,963
Federal sources	-	1,419,354	-	-	1,419,354
Federal lunch program	-	471,242	-	-	471,242
Charges for services	204,340	72,425	-	-	276,765
Other revenue	169,243	-	1,635	9,147	180,025
Total Revenues	11,038,546	1,963,021	1,635	1,429,873	14,433,075
Expenditures:					
Current					
Instruction	4,993,394	1,315,703	-	-	6,309,097
Student support services	7,298	314,451	-	-	321,749
Instructional media services	16,313	-	-	-	16,313
Instructional and curriculum development services	-	205,239	-	-	205,239
Instructional staff training	13,044	31,179	-	-	44,223
Instructional related technology	395,625	45,289	-	-	440,914
School administration	2,305,404	100,636	-	-	2,406,040
Fiscal services	190,878	-	-	-	190,878
Food services	-	770,063	-	-	770,063
Pupil transportation services	330,757	54,306	-	-	385,063
Operation of plant	725,901	20,455	-	-	746,356
Maintenance of plant	79,219	-	-	-	79,219
Community services	138,548	-	-	-	138,548
Capital Outlay:					
Other capital outlay	983,669	139,299	-	4,741,368	5,864,336
Debt Service:					
Repayment of principal on long term debt	-	-	429,197	-	429,197
Bond issuance costs, net	-	-	512,892	-	512,892
Interest	-	-	1,140,542	-	1,140,542
Total Expenditures	10,180,050	2,996,620	2,082,631	4,741,368	20,000,669
Excess (deficit) of revenues over expenditures	858,496	(1,033,599)	(2,080,996)	(3,311,495)	(5,567,594)
Other financing sources:					
Proceeds from bond issuance, par	-	-	-	11,000,000	11,000,000
Bond premium, net	-	-	1,097,440	-	1,097,440
Net proceeds from other divisions of Odyssey Charter School Inc.	-	-	-	380,265	380,265
Proceeds from Paycheck Protection Program	-	844,096	-	-	844,096
Proceeds from lease and notes payable	98,761	-	-	-	98,761
Transfers between Capital Projects and Debt Service Funds	-	-	1,418,365	(1,418,365)	-
Transfers in and (out)	(1,107,605)	189,503	145,465	772,637	-
Net change in fund balance	(150,348)	-	580,274	7,423,042	7,852,968
Fund Balance at beginning of year	2,161,230	-	827,526	449,561	3,438,317
Fund Balance at end of year	\$ 2,010,882	\$ -	\$ 1,407,800	\$ 7,872,603	\$ 11,291,285

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

Odyssey Charter School
(A charter school under Odyssey Charter School, Inc.)
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

Net Change in Fund Balance - Governmental Funds \$ 7,852,968

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. This is the amount by which capital outlays of \$5,864,336 (net of retirements) exceeded depreciation expense of \$725,747 (net of retirements). 5,138,589

The proceeds from debt issuance provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which repayments of \$429,197 differed from proceeds of \$12,621,535 in the current period. (12,192,338)

Increase in long term receivables is an expenditure in the governmental funds, but a decrease or collections of such receivables reduces long-term assets in the statement of net position. This is the amount of long-term receivables of \$286,135 reclassified in the current period. (286,135)

Change in Net Position of Governmental Activities \$ 513,084

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

Odyssey Charter School

(A Charter School under Odyssey Charter School, Inc.)

Notes to Financial Statements

June 30, 2020

Note 1 – Summary of Significant Accounting Policies

Reporting Entity

Odyssey Charter School (the "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 of the not-for-profit corporation, which is composed of four members. The School operates under a charter granted by the sponsoring district, the District School Board of Brevard County (the "District"). The current charter expires on June 30, 2027 and is renewable by mutual written agreement between the School and the District. During the term of the charter, the District may terminate the charter if good cause is shown. The School is considered a component unit of such District. The School is located in Palm Bay, Florida for students from kindergarten through tenth grades and is funded by the District. These financial statements are for the year ended June 30, 2020, during which 1,538 students were enrolled for the school year.

Basis of presentation

The School's accounting policies conform to accounting principles generally accepted in the United States as applicable to state and local governments. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

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 about the School as a whole. Any internal interfund activity has been eliminated from these financial statements. Both statements report only governmental activities as the School does not engage in any business type activities.

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 such as the National School Lunch Program, Federal grants, and other state allocations; and (3) capital grants specific to capital outlay. Other revenue sources not properly included with program revenues are reported as general revenues. In addition, revenues not classified as program revenues are shown as general revenues, which include Florida Education Finance Program (FEFP) revenues, and other miscellaneous sources.

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 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.

Note 1 – Summary of Significant Accounting Policies (continued)

Deferred Outflows/Inflows of Resources (continued)

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 and so will not be recognized as an inflow of resources (revenue) until that time. The School does not have any items that qualify for reporting in this category.

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, deferred outflows of resources, liabilities, deferred inflows of resources, equity, revenues and expenditures. Major individual governmental funds 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 of the school, except those required to be accounted for in another fund.

Debt Service Fund – accounts for the resources accumulated and payments made for principal and interest and other issuance costs on long-term debt of the School.

Special Revenue Fund – accounts for specific revenue, such as the federal lunch program and other federal grants or loans that are legally restricted to expenditures for particular purposes.

Capital Projects Fund – is used to account for the resources restricted for the acquisition or construction of specific capital assets from the bond proceeds and for state and local capital outlay funding that are legally restricted to expenditures for particular purposes.

Measurement Focus and Basis of Accounting

The financial statements of 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 Guidance*.

The government-wide statements report uses the economic resources measurement focus and the full 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.

The School recognizes assets of non-exchange transactions in the period when the underlying transaction occurs, when an enforceable legal claim has arisen, or when all eligibility requirements are met. Revenues are recognized, on the modified accrual basis, when they are measurable and available. Non-exchange transactions occur when the school provides (or receives) value to (from) another party without receiving (or giving) equal or nearly equal value in return. Most donations are examples of non-exchange transactions. Revenues from grants and donations are recognized on the accrual basis, in the fiscal year in which all eligibility requirements have been satisfied.

Note 1 – Summary of Significant Accounting Policies (continued)

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 liabilities of the current period. The School considers revenues to be available if they are collected within 60 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. Charges for services and fees are recognized when cash is collected as amounts are not measurable. 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.

Budgets and Budgetary Accounting

In compliance with Florida Statutes, the Board of Directors adopts an annual budget using 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). Revisions to the annual budget are approved by the Board.

Cash

All deposits are held in major banks and high grade investments. The School has not adopted a formal investment policy. Cash and cash equivalents include all highly liquid investments with a maturity of three months or less.

Due from Other Governments or Agencies

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

Long –Term Debt

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bond payable is reported net of the applicable bond premium or discount. Bond issuance costs are recognized as an expense in the period incurred. In the fund financial statements, governmental fund types report the face amount of debt issued as other financing sources.

Capital Assets

The School’s property, plant and equipment with useful lives of more than one year are stated at historical cost and comprehensively reported in the statement of net position in the government-wide financial statements.

Note 1 – Summary of Significant Accounting Policies (continued)

Capital Assets (continued)

Donated capital assets are recorded at their estimated fair market value on the date donated. The School generally capitalizes assets with a cost of \$2,000 or more. Building improvements, additions and other capital outlays that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in the government-wide statements. Proceeds received from the disposal of capital assets are recorded as Other Financing Sources in the governmental funds. Estimated useful lives, in years, for depreciable assets are as follows:

Building and improvements	5-39 Years
Vehicles	10 Years
Software, Furniture, equipment, and library	3-10 Years

Revenue Sources

Revenues for operations will be 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, Florida Statutes, the School will report the number of full-time equivalent (FTE) students and related data to the District. Under the provisions of Section 1011.62, Florida Statutes, the District reports the number of the full-time equivalent (FTE) students and related data to the Florida Department of Education (FDOE) for funding through the FEFP. Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the FEFP and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey periods. After review and verification of FTE reports and supporting documentation, the FDOE may adjust subsequent fiscal period allocations of FEFP funding for prior year errors disclosed by its review as well as to prevent statewide allocations from exceeding the amount authorized by the Legislature. Normally, such adjustments are treated as reductions of revenue in the year the adjustment is made.

The School receives state funds through the District under charter school capital outlay funding pursuant to Section 1013.62, Florida Statutes. Funds are based on a capital outlay plan submitted to the District and are to be used for lease of school facilities. In addition, the School may receive a portion of the local capital improvement ad valorem tax revenues levied by the District.

Finally, 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 expended. Additionally, other revenues may be derived from various fundraising activities and certain other programs.

Note 1 – Summary of Significant Accounting Policies (continued)

Inter-fund Transfers

Outstanding balances between funds are reported as “due to/from” other funds. Inter-fund transfers are made to move any excess or shortage of funds derived from the National School Lunch Program from the Special Revenue Fund to the General Fund. Inter-fund transfers are also made between the General Fund, Debt Service and Capital Projects Fund. See Note 8.

Charges for Services

The School charges students for various instruction and curriculum development programs including music, tutoring, food, and art programs. These activities are recorded in the general fund since the fees charged are only supplementing the programs and the cost of such programs substantially exceed the fees.

Compensated Absences

The School grants a specific number of sick days. Full time salary employees are entitled to one day per month to up to ten days of active work during the ten-month period. Full-time hourly employees are entitled to four days of paid leave annually. In the event that available time is not used by the end of the benefit year, employees will not be able to “rollover” unused days for use in future years. There is no termination payment for accumulated unused sick days.

GASB Codification Section C60, *Accounting for Compensated Absences*, provides that compensated absences that are contingent on a specific event that is outside the control of the employer and employee should be accounted for in the period those events take place. Accordingly, these financial statements do not include an accrual for sick days available to be used in future benefit years.

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.

Income Taxes

Odyssey Charter School, Inc. qualifies as a tax-exempt organization under 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.

Subsequent Events

In accordance with GASB Codification Section 2250.106, the School has evaluated subsequent events and transactions for potential recognition or disclosure through August 28, 2020, which is the date the financial statements were available to be issued.

Note 1 – Summary of Significant Accounting Policies (continued)

Restricted Assets

Restricted assets include cash and cash equivalents that are related to the amounts that the School is required to segregate in connection with the issuance of bonds, including sinking fund and reserve requirements, as well as amounts segregated for capital projects of the School. The Indenture of Trust requires the establishment of the Funds for the bonds and accounts within such funds, all of which shall be special trust funds and accounts held by Trustee. At June 30, 2020 the composition of restricted balances is as follows:

	<u>Odyssey Charter School</u>	<u>Odyssey Preparatory Academy</u>	<u>Total</u>
<u>Debt Service Fund</u>			
Sinking Fund-Series 2017 & 2019	\$ 1,407,800	\$ 253,060	\$ 1,660,860
Total Debt Service Fund	\$ 1,407,800	\$ 253,060	\$ 1,660,860
<u>Reserve for Capital Projects</u>			
Capital Projects Fund-Series 2017 & 2019	\$ 7,872,603	\$ 138,133	\$ 8,010,736
Total Reserves for Capital Projects	\$ 7,872,603	\$ 138,133	\$ 8,010,736

Net position and Fund balance classifications

Government-wide financial statements

Equity is classified as net position and displayed in three (3) components:

- a) Net investment in capital assets and long term receivables - consists of capital assets net of accumulated depreciation and long term receivables and reduced by the outstanding balances of any borrowings that are attributable to the acquisition or improvement of those assets.
- b) Restricted net position - consists of net position with constraints placed on their use either by external groups such as creditors, grantors, contributors or laws or regulations of other governments. Restricted net position of the School relate to the bond issue.
- c) Unrestricted net position - all other net position that do not meet the definition of "restricted" or "net investment in capital assets and long term receivables."

When both restricted and unrestricted resources are available for a specific purpose, it is the District's policy to use restricted resources first, until exhausted, before using unrestricted sources.

Note 1 – Summary of Significant Accounting Policies (continued)

Fund financial statements

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

- a) Nonspendable - includes amounts that cannot be spent because they are either not spendable form or legally or contractually required to be maintained intact. Consists of 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).
- b) 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. Restricted fund balance of the School relate to the bond issue.
- c) 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. There are no committed fund balances at year end.
- d) 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. There are no assigned fund balances at year end.
- e) Unassigned - portion of the fund balance that has not been restricted, committed or assigned for a specific purpose. This is the residual classification for the School's general fund.

Committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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.

Odyssey Charter School
(A Charter School under Odyssey Charter School, Inc.)
Notes to Financial Statements
June 30, 2020

Note 2 –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	Retirements	Balance 6/30/2020
Capital Assets not depreciated:				
Land	\$ 2,296,402	\$ -	\$ (1,032)	\$ 2,295,370
Construction in Progress	301,422	5,374,571	-	5,675,993
	<u>2,597,824</u>	<u>5,374,571</u>	<u>(1,032)</u>	<u>7,971,363</u>
Capital Assets being depreciated:				
Building and improvements	11,959,847	46,882	-	12,006,729
Vehicles	1,088,785	98,761	-	1,187,546
Furniture and equipment	2,442,405	345,154	-	2,787,559
Computer Software	21,059	-	-	21,059
	<u>18,109,920</u>	<u>5,865,368</u>	<u>(1,032)</u>	<u>23,974,256</u>
Less: Accumulated Depreciation				
Building and improvements	(3,208,818)	(366,927)	-	(3,575,745)
Vehicles	(463,502)	(98,016)	-	(561,518)
Furniture and equipment	(1,754,912)	(260,804)	-	(2,015,716)
Computer Software	(21,059)	-	-	(21,059)
	<u>(5,448,291)</u>	<u>(725,747)</u>	<u>-</u>	<u>(6,174,038)</u>
Capital Assets, net	<u>\$ 12,661,629</u>	<u>\$ 5,139,621</u>	<u>\$ (1,032)</u>	<u>\$ 17,800,218</u>

For the fiscal year ended June 30, 2020, depreciation expense is allocated in the Statement of Activities by function as follows:

Instruction	\$ 195,538
School Administration	9,388
Food Services	21,412
Pupil Transportation	96,516
Operation of Plant	402,893
	<u>\$ 725,747</u>

Note 3 –Management Agreement

The School uses a professional charter school management company to provide management and administrative services to the School including, but not limited to, facility design, staffing recommendations, human resource coordination, regulatory compliance, legal and corporate upkeep, maintenance of the books and records, bookkeeping, budgeting and financial reporting. On July 1, 2018, the School contracted with Green Apple School Management, LLC. The agreement with Green Apple School Management, LLC is for a period of five years through June 30, 2023 unless terminated, modified or renewed by the parties. The agreement between the School and the management company both called for a fee of \$700 per full time equivalent (FTE) student for the school year ended June 30, 2020. During the year ended June 30, 2020, the School incurred \$1,076,600 in management fees. Green Apple School Management, LLC is located at 1900 S. Harbor City Blvd., Suite 120, Melbourne, FL 32901. The managing member is Constance Ortiz.

Note 4 –Transactions with School District and Other Divisions of Odyssey Charter School, Inc.

During the year, the School reclassified certain long term receivables to restricted cash held by trustee. The following schedule provides a summary of changes in long-term receivables with other divisions of Odyssey Charter School, Inc. for the year ended June 30, 2020.

	<u>Balance</u> <u>July 01, 2019</u>	<u>Advances</u>	<u>Repayments/ Reclassifications</u>	<u>Balance</u> <u>June 30, 2020</u>
Long-term receivables				
Odyssey Charter School Inc. (Corporate)	\$ 286,135	\$ -	\$ (286,135)	\$ -
	<u>\$ 286,135</u>	<u>\$ -</u>	<u>\$ (286,135)</u>	<u>\$ -</u>

The School received non-interest bearing advances from affiliates. The following schedule provides a summary of changes in long-term payables with other divisions of Odyssey Charter School, Inc. for the year ended June 30, 2020:

	<u>Balance</u> <u>July 01, 2019</u>	<u>Proceeds</u>	<u>Repayments</u>	<u>Balance</u> <u>June 30, 2020</u>
Long-term payables				
Odyssey Preparatory Academy	\$ -	\$ 94,130	\$ -	\$ 94,130
	<u>\$ -</u>	<u>\$ 94,130</u>	<u>\$ -</u>	<u>\$ 94,130</u>

Pursuant to the Charter School contract with the School District, the District withholds an administrative fee of 5% of the qualifying revenues of the School. For the year ended June 30, 2020, administrative fees withheld by the School District totaled \$87,548.

Note 5 – 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. As of June 30, 2020, the carrying amount of the School’s deposits was \$12,176,890 and the respective bank balances totaled \$12,254,245 (including restricted cash).

Note 5 – Deposits Policy and Credit Risk (continued)

Deposits at FDIC-insured institutions are insured up to \$250,000 per depositor, per financial institution. The School is a charter school under Odyssey Charter School, Inc. , which also operates other charter schools. All bank accounts are opened under the account ownership of Odyssey Charter School, Inc. , therefore, bank balances at times may potentially be in excess of FDIC coverage. As of June 30, 2020, bank balances in potential excess of FDIC coverage totaled approximately \$12,254,000, including restricted funds.

Note 6 – Commitments, Contingencies and Concentrations

Commitments

As of June 30, 2020 the School had various uncompleted construction contracts in connection with the improvements to the campuses referenced in Note 7. The contracts are approximately \$10,128,000 (including change orders) and the total amount capitalized as a part of construction in progress was approximately \$5,700,000. As of June 30, 2020, the remaining balance to complete on the contracts is approximately \$4,428,000.

Contingencies and Concentrations

The School receives substantially all of its funding from the District under the Florida Education Finance Program (FEFP), which is based in part on a computation of the number of full-time equivalent (FTE) students attending different instructional programs. The accuracy of FTE student data submitted by individual schools and used in the FEFP computations is subject to audit by the state and, if found to be in error, could result in refunds to the state or in decreases to future funding allocations. Additionally, the School receives various forms of federal, state and local funding which are subject to financial and compliance audits. It is the opinion of management that the amount of funding, if any, which may be remitted back to the state due to errors in the FTE student data or the amount of grant expenditures which may be disallowed by grantor agencies would not be material to the financial position of the School.

Novel Coronavirus (COVID-19)

On January 21, 2020 the Centers for Disease Control and Preventions (CDC) confirmed the first case of 2019 Novel Coronavirus (COVID-19) in the United States. Pursuant to local emergency orders, the School converted to distance learning on March 13, 2020 for the remainder of the school year. As a result of these extraordinary circumstances, the Coronavirus Aid, Relief, and Economic Security Act, also known as the CARES Act, a \$2.2 trillion economic stimulus bill, was passed by the 116th U.S. Congress and signed into law in March 2020.

Note 7 – Long Term Debt

2017 Revenue Bonds

On April 27, 2017, Educational Facilities Revenue Bonds, Series 2017A and 2017B – Capital Trust Agency (the “Issuer”) issued Educational Facilities Revenue Bonds (Odyssey Charter School Project), Series 2017A, in the aggregate principal amount of \$15,585,000 (the “Series 2017A Bonds”). Odyssey Charter School, Inc. issued Taxable Educational Facilities Revenue Bonds (Odyssey Charter School Projects) Series 2017B, in the aggregate principal amount of \$395,000 (the “Series 2017B Bonds”).

Note 7 – Long Term Debt (continued)

The bonds were used to (i) finance or refinance the costs of acquiring, constructing, and equipping certain charter school facilities (collectively, the “Facility”) for the School located within Brevard County, Florida., the land on which the School will be located (the “Site”), and improvements thereto (collectively the “Project”), (ii) fund a debt service reserve account for the Series 2017 Bonds, (iii) fund capitalized interest with respect to the Series 2017A Bonds, and (iv) pay certain costs of issuance of the Series 2017 Bonds. The Series 2017A Bonds are subject to mandatory and optional redemption prior to maturity. The Series 2017B are subject to mandatory redemption prior to maturity. The bond funds were primarily utilized for the acquisition of one of the School’s current site located at 1350 Wyoming Drive, Palm Bay, Florida and to refinance the facilities located at 1755 Eldron Boulevard, S.E. Palm Bay, Florida. The remaining funds were used for bond issuance costs and various capital projects at both sites. The sites are shared between the School and Odyssey Preparatory Academy where each school records their pro rata share of the bonds as of the date of issuance (75.0% for the School and 25.0% for Odyssey Preparatory Academy).

Interest is payable annually on July 1. The bonds are secured by an Indenture of Trust dated as of April 1, 2017 between the Issuer and U.S. Bank National Association (the “Trustee”) pursuant to a resolution of the Issuer adopted on March 21, 2017. The issuer has no obligation for the debt beyond the resources provided by the facility. These bonds are subject to interest rates ranging from 4.750% to 6.000%. The bonds were issued at par.

2019 Revenue Bonds

On September 1, 2019, Educational Facilities Revenue Bonds, Series 2019 – Capital Trust Agency (the “Issuer”) issued Educational Facilities Revenue Bonds (Odyssey Charter School Project), Series 2019, in the aggregate principal amount of \$11,000,000 (the “Series 2019 Bonds”). The bonds were used to (i) finance or refinance the costs of acquiring, vacant land adjacent to the Eldron site, (ii) further develop and improve the Eldron site with additional classrooms, offices space, testing areas, sports field and parking lot expansion (the “Eldron Improvements”), (iii) development and improvement of the Wyoming site with the construction of a gymnasium, performing arts facility, student courtyard and sports field (“Wyoming Improvements”), (iv) fund certain reserves, (v) pay costs of issuance relating to the Series 2019 Bonds. The Series 2019 Bonds are subject to mandatory and optional redemption prior to maturity.

Interest is payable semi-annually on January 1 and July 1. The bonds are secured by an Indenture of Trust dated as of September 1, 2019 between the Issuer and U.S. Bank National Association (the “Trustee”) pursuant to a resolution of the Issuer adopted on March 21, 2017. The issuer has no obligation for the debt beyond the resources provided by the facility. These bonds are subject to an interest rate of 5.00%. The bonds were issued at a premium in the amount of \$1,124,206.

Odyssey Charter School
(A Charter School under Odyssey Charter School, Inc.)
Notes to Financial Statements
June 30, 2020

Note 7 – Long Term Debt (continued)

The Series 2017 and 2019 bonds contain restrictive covenants related to debt service coverage ratio, days cash on hand requirements, student enrollment and reporting requirements. In the event of default the maturity date can be accelerated and/or the underlying collateral may be subject to foreclosure.

Revenue bond debt service requirements to maturity are as follows:

Series 2017A Bond:

Year Ending June 30,	Principal	Interest	Annual Debt Service
2021	\$ 255,000	\$ 822,875	\$ 1,077,875
2022	265,000	810,525	1,075,525
2023	280,000	797,581	1,077,581
2024	295,000	783,925	1,078,925
2025	305,000	769,675	1,074,675
2026-2030	1,780,000	3,604,628	5,384,628
2031-2035	2,315,000	3,067,590	5,382,590
2036-2040	3,040,000	2,350,691	5,390,691
2041-2045	3,995,000	1,392,739	5,387,739
2046-2048	2,980,000	251,900	3,231,900
Total	\$ 15,510,000	\$ 14,652,129	\$ 30,162,129

Series 2019 Bond:

Year Ending June 30,	Principal	Interest	Annual Debt Service
2021	\$ -	\$ 550,000	\$ 550,000
2022	30,000	549,250	579,250
2023	25,000	547,875	572,875
2024	25,000	546,625	571,625
2025	35,000	545,125	580,125
2026-2030	175,000	2,699,875	2,874,875
2031-2035	225,000	2,650,875	2,875,875
2036-2040	285,000	2,587,375	2,872,375
2041-2045	365,000	2,506,125	2,871,125
2046-2050	2,675,000	2,293,625	4,968,625
2051-2055	7,160,000	930,000	8,090,000
Total	\$ 11,000,000	\$ 16,406,750	\$ 27,406,750

Odyssey Charter School
(A Charter School under Odyssey Charter School, Inc.)
Notes to Financial Statements
June 30, 2020

Note 7 – Long Term Debt (continued)

Loan Payable

The School obtained financing from several financial institutions for the acquisition of School buses. The facilities are secured by the buses and the terms of the notes are as follows:

Notes Payable to Financial Institutions	Interest Rate	Maturity Date	Balance as of June 30, 2020
\$196,586 note payable to acquire 2 school buses	4.25%	August 11, 2020	\$ 7,247
\$249,844 note payable to acquire 2 school buses	5.45%	August 10, 2022	\$ 116,643
\$205,208 note payable to acquire 2 school buses	3.80%	September 15, 2022	\$ 123,408
\$98,761 note payable to acquire 1 school bus	2.88%	September 15, 2023	\$ 78,056
Total			\$ 325,354

Future debt service requirements related to the loan agreement are as follows as of June 30, 2020:

<u>Year ending</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 117,662	\$ 11,624
2022	\$ 115,392	\$ 7,091
2023	\$ 71,948	\$ 2,869
2024	\$ 20,352	\$ 587
Total	<u>\$ 325,354</u>	<u>\$ 22,171</u>

Capital Leases

The School leases certain office, kitchen and transportation equipment under capital leases with a gross value of \$288,302 (\$12,291 recorded in School Administration and \$276,010 recorded in Instruction) with accumulated depreciation totaling \$173,971 (\$8,601 recorded in School Administration and \$235,926 recorded in Instruction). The assets and liabilities under the capital leases are recorded in fixed assets at the lower of the present value of the future minimum lease payments or the fair value of the assets. In the event of default on the school's debts the maturity date can be accelerated and/or the underlying collateral may be repossessed.

Note 7 – Long Term Debt (continued)

Minimum future lease payments under such leases are as follows:

<u>Year ending</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 37,723	\$ 1,362
2022	10,000	90
Total	<u>47,723</u>	<u>1,452</u>

Paycheck Protection Program Loan

On April 20, 2020, Odyssey Charter School, Inc., was granted a loan from a financial institution in the aggregate amount of \$2,162,200, pursuant to the Paycheck Protection Program (the “PPP”) under Division A, Title I of the CARES Act, which was enacted March 27, 2020.

The loan, which was in the form of a note dated April 20, 2020 issued by Odyssey Charter School, Inc., matures on April 20, 2022 and bears interest at a rate of 1.00% per annum, payable monthly commencing on November 5, 2020 with interest accruing during the deferral period (April 20, 2020 – November 5, 2020). The Note may be prepaid at any time prior to maturity with no prepayment penalties. Funds from the loan 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 loan proceeds were allocated to the School, Odyssey Preparatory Academy and Odyssey Charter School, Inc. based on average payroll. The School used 100% of the loan proceeds of \$844,096 allocated as of June 30, 2020 for payroll. Under the terms of the PPP, certain amounts of the loan may be forgiven if they are used for qualifying expenses as described in the CARES Act.

Future total debt service requirements related to the promissory note are as follows as of June 30, 2020:

<u>Year ending</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 957,890	\$ 22,445
2022	\$ 1,204,310	\$ 5,519
Total	<u>\$ 2,162,200</u>	<u>\$ 27,964</u>

Total interest expense for all long term debt as of June 30, 2020 was \$1,140,542.

Odyssey Charter School
(A Charter School under Odyssey Charter School, Inc.)
Notes to Financial Statements
June 30, 2020

Note 7 – Long Term Debt (continued)

The following schedule provides a summary of changes in long-term debt for the year ended June 30, 2020:

	Balance 7/1/2019	Repayments	Advances	Balance 6/30/2020
Bonds Payable	\$ 11,230,786	\$ (188,448)	\$ 11,000,000	\$ 22,042,338
Notes Payable	384,864	(158,271)	98,761	325,354
Notes Payable-PPP	-	-	844,096	844,096
Capital leases	130,201	(82,478)	-	47,723
Total Long Term Debt	<u>\$ 11,745,851</u>	<u>\$ (429,197)</u>	<u>\$ 11,942,857</u>	<u>\$ 23,259,511</u>

Note 8 – Interfund Transfers and Balances

Interfund transfers are as follows:

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund
To fund lunch deficit	\$ (189,503)	\$ 189,503	\$ -	\$ -
To fund capital projects fund for construction	(543,836)	-	-	543,836
To fund debt service fund for principal and interest payments	(145,465)	-	145,465	-
Transfer from Capital Projects Fund to Debt Service Fund to service debts	-	-	1,420,726	(1,420,726)
Transfer interest income from Debt Service Fund to Capital Projects Fund	-	-	(2,361)	2,361
Total Transfers, net	<u>\$ (878,804)</u>	<u>\$ 189,503</u>	<u>\$ 1,563,830</u>	<u>\$ (874,529)</u>

	General Fund	Special Revenue Fund	Capital Projects Fund
Due to General Fund from Capital Projects Fund for capital outlay	\$ 105,762	\$ -	\$ (105,762)
Due to General Fund from Special Revenue Fund for Title I	640,001	(640,001)	-
Due to General Fund from Special Revenue Fund for Title II	32,847	(32,847)	-
Due to General Fund from Special Revenue Fund for Title IV	23,550	(23,550)	-
Due to General Fund from Special Revenue Fund for IDEA Grant	18,328	(18,328)	-
Total Due from/(Due to)	<u>\$ 820,488</u>	<u>\$ (714,726)</u>	<u>\$ (105,762)</u>

Note 9 – 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.

Note 10 – Defined Contribution Retirement Plan

The School sponsors a defined contribution plan for all full-time employees working 35 hours or more a week and who have been employed for at least one year. The plan permits voluntary contributions from employees, based on a salary reduction agreement, and provides for employer matching contributions up to 3% of the employee's compensation, after one year of employment. The School contributed to the Plan \$78,707 for the year ended June 30, 2020.

Note 11 – Subsequent Events

The ongoing spread of the new COVID-19 has become a threat to the global economy and financial markets. As a result of the pandemic, the School will begin the 2020-2021 school year with a combined model that offers parents the option to choose between distance learning or onsite learning. The ultimate effect of COVID-19 on the School and its future operations cannot presently be determined.

As of August 28, 2020 Odyssey Charter School, Inc. allocated an additional \$467,762 of PPP funding to the School; all of which as used for payroll.

REQUIRED SUPPLEMENTARY INFORMATION

Odyssey Charter School
(A charter school under Odyssey Charter School, Inc.)
Statement of Revenues, Expenditures, and Changes in Fund Balance - General fund
For the year ended June 30, 2020

	General Fund		
	Original Budget	Final Budget	Actual
REVENUES			
State passed through local	\$ 11,345,998	\$ 10,666,000	\$ 10,664,963
Charges for services	213,600	205,000	204,340
Other revenues	200,000	170,000	169,243
Total Revenues	11,759,598	11,041,000	11,038,546
EXPENDITURES			
Current:			
Instruction	5,434,583	5,000,000	4,993,394
Student support services	46,678	7,000	7,298
Instructional media services	13,596	16,000	16,313
Instructional staff training	30,350	13,000	13,044
Instructional related technology	285,477	396,000	395,625
School administration	2,406,477	2,306,000	2,305,404
Fiscal services	168,042	190,000	190,878
Pupil transportation services	574,960	330,000	330,757
Operation of plant	1,096,154	726,000	725,901
Maintenance of plant	206,000	79,000	79,219
Community services	88,024	138,000	138,548
Total current expenditures	10,350,341	9,201,000	9,196,381
Excess of revenues			
Over current expenditures	1,409,257	1,840,000	1,842,165
Capital outlay:			
Other capital outlay	980,000	983,000	983,669
Total capital outlay and			
Debt service expenditures	980,000	983,000	983,669
Total expenditures	11,330,341	10,184,000	10,180,050
Excess of revenues			
Over expenditures	429,257	857,000	858,496
Other financing sources:			
Proceeds from lease and notes payable	-	98,760	98,761
Transfers in and (out)	-	(1,103,780)	(1,107,605)
Net change in fund balance	429,257	(148,020)	(150,348)
Fund balance at beginning of year	2,161,230	2,161,230	2,161,230
Fund balance at end of year	\$ 2,590,487	\$ 2,013,210	\$ 2,010,882

Notes to Budgetary Comparison Schedule

An annual budget is adopted on the modified accrual basis of accounting, consistent with generally accepted accounting principles. Amendments to the budget can only be made with the approval of the Board of Directors.

Odyssey Charter School

(A charter school under Odyssey Charter School, Inc.)

Statement of Revenues, Expenditures, and Changes in Fund Balance - Special Revenue Fund

For the year ended June 30, 2020

	Special Revenue Fund		
	Original Budget	Final Budget	Actual
REVENUES			
Federal sources	\$ 1,338,420	\$ 1,419,350	\$ 1,419,354
Federal lunch program	978,400	472,000	471,242
Charges for services	138,000	72,450	72,425
Total Revenues	2,454,820	1,963,800	1,963,021
EXPENDITURES			
Current:			
Instruction	707,470	1,315,700	1,315,703
Student support services	324,277	314,450	314,451
Instructional and curriculum development services	215,348	205,250	205,239
Instructional staff training	31,575	31,175	31,179
Instructional related technology	57,039	45,300	45,289
School administration	-	100,650	100,636
Food services	1,113,900	770,000	770,063
Pupil transportation services	2,711	54,300	54,306
Operation of plant	-	20,475	20,455
Total current expenditures	2,452,320	2,857,300	2,857,321
Excess of revenues			
Over current expenditures	2,500	(893,500)	(894,300)
Capital outlay:			
Other capital outlay	-	140,000	139,299
Total capital outlay and			
Debt service expenditures	-	140,000	139,299
Total expenditures	2,452,320	2,997,300	2,996,620
Excess/(Deficit) of revenues			
Over expenditures	2,500	(1,033,500)	(1,033,599)
Other financing sources:			
Transfer in and (out)	-	189,500	189,503
Proceeds from Paycheck Protection Program	-	844,096	844,096
Net change in fund balance	2,500	96	-
Fund balance at beginning of year	-	-	-
Fund balance at end of year	\$ 2,500	\$ 96	\$ -

Notes to Budgetary Comparison Schedule

An annual budget is adopted on the modified accrual basis of accounting, consistent with generally accepted accounting principles. Amendments to the budget can only be made with the approval of the Board of Directors.

Odyssey Charter School
(A charter school under Odyssey Charter School, Inc.)
Statement of Revenues, Expenditures, and Changes in Fund Balance - Capital Projects Fund
For the year ended June 30, 2020

	Capital Projects Fund		
	Original Budget	Final Budget	Actual
REVENUES			
State capital outlay funding	\$ 744,475	\$ 1,420,725	\$ 1,420,726
Other revenue	-	9,100	9,147
Total Revenues	744,475	1,429,825	1,429,873
EXPENDITURES			
Current:			
Operation of plant	-	-	-
Maintenance of plant	-	-	-
Total current expenditures	-	-	-
Excess of revenues			
Over current expenditures	744,475	1,429,825	1,429,873
Capital outlay:			
Other capital outlay	4,740,000	4,741,350	4,741,368
Total capital outlay and			
Debt service expenditures	4,740,000	4,741,350	4,741,368
Total expenditures	4,740,000	4,741,350	4,741,368
Excess/(Deficit) of revenues			
Over expenditures	(3,995,525)	(3,311,525)	(3,311,495)
Other financing sources			
Proceeds from bond issuance, par	11,000,000	11,000,000	11,000,000
Transfers between Capital Projects and Debt Service Funds	(1,418,365)	(1,418,365)	(1,418,365)
Net proceeds from other divisions of Odyssey Charter School Inc.	95,000	380,265	380,265
Transfers in from general fund	550,000	772,637	772,637
Net change in fund balance	6,231,110	7,423,012	7,423,042
Fund balance at beginning of year	449,561	449,561	449,561
Fund balance at end of year	\$ 6,680,671	\$ 7,872,573	\$ 7,872,603

Notes to Budgetary Comparison Schedule

An annual budget is adopted on the modified accrual basis of accounting, consistent with generally accepted accounting principles. Amendments to the budget can only be made with the approval of the Board of Directors.

Odyssey Charter School
(A charter school under Odyssey Charter School, Inc.)
Statement of Revenues, Expenditures, and Changes in Fund Balance - Debt Service fund
For the year ended June 30, 2020

	Debt Service Fund		
	Original Budget	Final Budget	Actual
REVENUES			
Other revenues	\$ 1,700	\$ 1,650	\$ 1,635
Total Revenues	1,700	1,650	1,635
EXPENDITURES			
Current:			
Instruction	-	-	-
Total current expenditures	-	-	-
Excess of revenues Over current expenditures	1,700	1,650	1,635
Debt service:			
Repayment of principal	425,375	425,375	429,197
Bond issuance costs, net	500,000	512,890	512,892
Interest	1,140,545	1,140,545	1,140,542
Total debt service expenditures	2,065,920	2,078,810	2,082,631
Total expenditures	2,065,920	2,078,810	2,082,631
Excess/(Deficit) of revenues over expenditures	(2,064,220)	(2,077,160)	(2,080,996)
Other financing sources:			
Bond premium, net	1,097,400	1,097,450	1,097,440
Transfers between Capital Projects and Debt Service Funds	1,418,365	1,418,365	1,418,365
Transfers in and (out)	141,645	141,645	145,465
Net change in fund balance	593,190	580,300	580,274
Fund balance at beginning of year	827,526	827,526	827,526
Fund balance at end of year	\$ 1,420,716	\$ 1,407,826	\$ 1,407,800

Notes to Budgetary Comparison Schedule

An annual budget is adopted on the modified accrual basis of accounting, consistent with generally accepted accounting principles. Amendments to the budget can only be made with the approval of the Board of Directors.



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
Odyssey Charter School
Palm Bay, 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 and each major fund of Odyssey Charter School (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 August 28, 2020.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

We issued a separate management letter dated August 28, 2020 pursuant to Chapter 10.850, Rules of the Auditor General.

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
August 28, 2020



MANAGEMENT LETTER

Board of Directors of
Odyssey Charter School
Palm Bay, Florida

Report on the Financial Statements

We have audited the financial statements of Odyssey Charter School, Florida as of and for the fiscal year ended June 30, 2020 and have issued our report thereon dated August 28, 2020.

Auditor's Responsibility

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

Other Reporting Requirements

We have conducted our Independent Auditors' 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, which are dated August 28, 2020, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.

There were no findings and recommendations made in the preceding annual financial audit report.

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 Odyssey Charter School, 6507.

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 Odyssey Charter 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 Odyssey Charter 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 Odyssey Charter School. It is management's responsibility to monitor Odyssey Charter 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 Odyssey Charter 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 Odyssey Charter School maintained on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes.

Additional Matters

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

Purpose of this Letter

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



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
August 28, 2020