

Florida High School for Accelerated
Learning – Hillsborough County Campus, Inc.
d/b/a Seminole Heights Charter High School
(A Component Unit of the School Board of
Hillsborough County, Florida)

Basic Financial Statements
and Additional Information
For the Year Ended June 30, 2020

**Florida High School for Accelerated Learning -
Hillsborough County Campus, Inc.
d/b/a Seminole Heights Charter High School**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Florida High School for Accelerated Learning – Hillsborough County Campus, Inc.
d/b/a Seminole Heights Charter High School

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Florida High School for Accelerated Learning – Hillsborough County Campus, Inc. d/b/a Seminole Heights Charter High School (the "School"), a component unit of the School Board of Hillsborough 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 6 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 supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2020, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.



KEEFE McCULLOUGH

Fort Lauderdale, Florida
September 23, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

**Keefe
McCullough**
CPA's + Trusted Advisors

**Florida High School for Accelerated Learning – Hillsborough County Campus, Inc.
d/b/a/ Seminole Heights Charter High School
Management’s Discussion and Analysis
June 30, 2020**

As management of Florida High School for Accelerated Learning – Hillsborough County Campus, Inc. d/b/a Seminole Heights Charter High School (the “School”), a component unit of the School Board of Hillsborough County, Florida, we offer readers of the School’s basic financial statements this narrative overview and analysis of the financial activities of the School for the year ended June 30, 2020 with certain comparative information for 2019.

Management’s discussion and analysis is included at the beginning of the School’s basic financial statements to provide, in layman’s terms, the past and current position of the School’s financial condition. This summary should not be taken as a replacement for the audit, which consists of the basic financial statements and other supplementary information.

Financial Highlights

Our basic financial statements provide these insights into the results of this year’s operations.

- The School’s total assets exceeded its liabilities by \$ 799,621 (net position). This amount includes net investment in capital assets of \$ 147,745. The remaining amount of \$ 651,876 is unrestricted.
- The School’s total revenues were \$ 1,806,488 including \$ 1,639,096 from general revenues and \$ 167,392 from program revenues. The School’s expenses for this year were \$ 2,058,906.

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 basic financial statements are comprised of three components: 1) government-wide basic financial statements, 2) fund basic financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Basic Financial Statements: The government-wide basic 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, liabilities, and deferred inflows/outflows of resources with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School is improving or deteriorating.

The statement of activities presents information showing how the School’s net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected revenues and services rendered but unpaid).

The government-wide basic financial statements include all governmental activities that are principally supported by grants and entitlements from the state for full-time equivalent funding. The School does not have any business-type activities. The governmental activities of the School primarily include instruction and instructional support services.

The government-wide financial statements can be found on pages 7 and 8 of this report.

Fund Financial Statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the basic government-wide financial statements. However, unlike the government-wide basic financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the School’s near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide basic financial statements. By doing so, readers may better understand the long-term impact of the School’s near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and change in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The School maintains several individual governmental funds. Information is presented in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and change in fund balance. The General Fund, Special Revenue, and Capital Projects Fund are considered to be the School’s major funds.

The School adopts an annual budget for certain governmental funds. A budgetary comparison statement has been provided for the General Fund and Special Revenue Fund to demonstrate compliance with the budget.

The governmental fund financial statements can be found on pages 9 through 14 of this report.

Notes to Basic Financial Statements: The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund basic financial statements. The notes to basic financial statements can be found on pages 15 through 22 of this report.

Government-Wide Financial Analysis

The School’s net position was \$ 799,621 at June 30, 2020 compared to \$ 1,052,039 at June 30, 2019. Our analysis in the table below focuses on the net position of the School’s governmental activities as follows:

Florida High School for Accelerated Learning –
Hillsborough County Campus, Inc.
d/b/a Seminole Heights Charter High School
Statements of Net Position

	June 30, 2020	June 30, 2019
Assets:		
Current assets	\$ 797,676	\$ 1,325,817
Capital assets, net of depreciation	147,745	168,429
Total assets	945,421	1,494,246

Florida High School for Accelerated Learning –
Hillsborough County Campus, Inc.
d/b/a/ Seminole Heights Charter High School
Management’s Discussion and Analysis
June 30, 2020

	June 30, 2020	June 30, 2019
Liabilities: Current	<u>145,800</u>	<u>442,207</u>
Total liabilities	<u>145,800</u>	<u>442,207</u>
Net Position:		
Net investment in capital assets	147,745	168,429
Unrestricted	<u>651,876</u>	<u>883,610</u>
Total net position	\$ <u><u>799,621</u></u>	\$ <u><u>1,052,039</u></u>

A portion of the School’s net position reflects its investment in capital assets. The School uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Resources that are subject to external restrictions on how they may be used is classified as restricted net position. As of June 30, 2020 and 2019, the School had no restricted net position.

Governmental Activities: The results of the year’s operations for the School as a whole are reported in the statement of activities on page 8. The table following provides a condensed presentation of the School’s revenues and expenses for the years ended June 30, 2020 and 2019:

Florida High School for Accelerated Learning –
Hillsborough County Campus, Inc.
d/b/a Seminole Heights Charter High School
Changes in Net Position

	June 30, 2020	June 30, 2019
Revenues:		
State sources	\$ 1,733,574	\$ 1,798,622
Federal sources	43,848	43,841
Local sources	<u>29,066</u>	<u>30,380</u>
Total revenues	<u>1,806,488</u>	<u>1,872,843</u>
Functions/Program Expenses:		
Instruction	647,922	725,524
Administrative services	716,654	689,454
Other instructional support	244,783	276,078
Plant operations and maintenance	<u>449,547</u>	<u>480,611</u>
Total governmental activities	<u>2,058,906</u>	<u>2,171,667</u>
Change in net position	\$ <u><u>(252,418)</u></u>	\$ <u><u>(298,824)</u></u>

Governmental Fund Expenditures

In the table below, we have presented the cost of the largest functions/programs as a percentage of total governmental expenditures:

Functions/Programs	2020		2019	
	Expenditures	Percent	Expenditures	Percent
Governmental expenditures:				
Instructional expenditures	\$ 647,922	31.8%	\$ 733,922	34.7%
Administrative services	738,613	36.2%	689,454	32.6%
Plant operations and maintenance	406,904	20.0%	416,547	19.7%
Other instructional support services	244,783	12.0%	276,078	13.0%
Total governmental expenditures	\$ <u>2,038,222</u>	<u>100.0%</u>	\$ <u>2,116,001</u>	<u>100.0%</u>

Capital Assets and Debt Administration

Capital assets

At June 30, 2020, the School had capital assets of \$ 147,745, net of accumulated depreciation compared to \$ 168,429 at June 30, 2019 (Note 4).

Debt administration

At June 30, 2020 and 2019, the School had no outstanding debt.

General Fund Budgetary Highlights

Total actual revenues were favorable to the Final Budget by approximately \$ 50,000. This was due to unbudgeted transportation revenue of \$ 16,000, FY 2019 adjustment of \$ 9,000, unbudgeted miscellaneous revenues of \$ 29,000 and unfavorable revenue of \$ 4,000 due to lower enrollment.

Total actual expenditures were unfavorable to the Final Budget by approximately \$ 58,000. This was primarily due to higher instruction and instructional support services compensation, benefits and ESE services of \$ 38,000 and higher administrative services compensation and benefits, and IT costs of \$ 22,000.

Economic Factors and Next Year's Budget

FEFP funding per student will increase by approximately 1.5% in FY 2021 as compared to FY 2020, excluding teacher salary increase allocation. Capital outlay revenues are expected to remain approximately the same. The management agreement continues to provide for the delivery of services despite any revenue shortfalls.

All these factors were considered in preparing the FY 2021 budget.

Requests for Information

If you have any questions about this report or need additional information, please write to Accelerated Learning Solutions, LLC, at 5850 T.G. Lee Blvd., Ste 345, Orlando, Florida 32822.

BASIC FINANCIAL STATEMENTS

**Florida High School for Accelerated Learning -
 Hillsborough County Campus, Inc.
 d/b/a Seminole Heights Charter High School
 Statement of Net Position
 June 30, 2020**

	Governmental Activities
Current Assets:	
Cash and cash equivalents	\$ 768,681
Due from governmental agencies	5,207
Prepays	23,788
	<hr/>
Total current assets	797,676
	<hr/>
Noncurrent Assets:	
Capital assets, net of accumulated depreciation	147,745
	<hr/>
Total assets	945,421
	<hr/> <hr/>
Current Liabilities:	
Accounts payable	145,050
Due to governmental agencies	750
	<hr/>
Total current liabilities	145,800
	<hr/>
Net Position:	
Net investment in capital assets	147,745
Unrestricted	651,876
	<hr/>
Total net position	799,621
	<hr/>
Total liabilities and net position	\$ 945,421
	<hr/> <hr/>

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

**Florida High School for Accelerated Learning -
Hillsborough County Campus, Inc.
d/b/a Seminole Heights Charter High School
Statement of Activities
For the Year Ended June 30, 2020**

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Governmental</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Activities Net Revenue (Expense) and Change in Net Position</u>
Functions/Programs:					
Instruction	\$ 471,299	\$ -	\$ 18,525	\$ -	\$ (452,774)
Instructional support services	176,623	-	-	-	(176,623)
Board services	51,724	-	-	-	(51,724)
General administration:					
District management fee	79,132	-	-	-	(79,132)
Management fee	166,392	-	-	-	(166,392)
Education fee	45,380	-	-	-	(45,380)
Administrative services	585,798	-	-	-	(585,798)
Facilities acquisition and construction	66,813	-	-	-	(66,813)
Pupil transportation	33,011	-	-	-	(33,011)
Operation of plant	353,533	-	25,323	123,544	(204,666)
Maintenance of plant	29,201	-	-	-	(29,201)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total governmental activities	\$ <u>2,058,906</u>	\$ <u>-</u>	\$ <u>43,848</u>	\$ <u>123,544</u>	<u>(1,891,514)</u>
			General revenues:		
			Florida Education		
			Finance Program (Note 7)	1,610,030	
			Miscellaneous revenues	29,066	
				<u> </u>	
			Total general revenues	1,639,096	
				<u> </u>	
			Change in net position	(252,418)	
				<u> </u>	
			Net position, July 1, 2019	1,052,039	
				<u> </u>	
			Net position, June 30, 2020	\$ <u>799,621</u>	

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

Florida High School for Accelerated Learning -
Hillsborough County Campus, Inc.
d/b/a Seminole Heights Charter High School
Balance Sheet - Governmental Funds
June 30, 2020

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
Assets:				
Cash and cash equivalents	\$ 768,266	\$ 415	\$ -	\$ 768,681
Due from governmental agencies	113	5,094	-	5,207
Due from other funds	5,094	-	-	5,094
Prepays	<u>23,788</u>	<u>-</u>	<u>-</u>	<u>23,788</u>
Total assets	<u>\$ 797,261</u>	<u>\$ 5,509</u>	<u>\$ -</u>	<u>\$ 802,770</u>
Liabilities:				
Accounts payable	\$ 145,050	\$ -	\$ -	\$ 145,050
Due to governmental agencies	335	415	-	750
Due to other funds	<u>-</u>	<u>5,094</u>	<u>-</u>	<u>5,094</u>
Total liabilities	<u>145,385</u>	<u>5,509</u>	<u>-</u>	<u>150,894</u>
Fund Balances:				
Unassigned	<u>651,876</u>	<u>-</u>	<u>-</u>	<u>651,876</u>
Total fund balances	<u>651,876</u>	<u>-</u>	<u>-</u>	<u>651,876</u>
Total liabilities and fund balances	<u>\$ 797,261</u>	<u>\$ 5,509</u>	<u>\$ -</u>	<u>\$ 802,770</u>

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

**Florida High School for Accelerated Learning -
 Hillsborough County Campus, Inc.
 d/b/a Seminole Heights Charter High School
 Reconciliation of the Balance Sheet - Governmental Funds
 to the Statement of Net Position
 June 30, 2020**

Total Fund Balances of Governmental Funds in the Balance Sheet	\$	651,876
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds:

Cost of capital assets	\$	719,546	
Accumulated depreciation		<u>(571,801)</u>	<u>147,745</u>

Net Position of Governmental Activities	\$	<u><u>799,621</u></u>
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The accompanying notes to basic financial statements are an integral part of the statements.

**Florida High School for Accelerated Learning -
Hillsborough County Campus, Inc.
d/b/a Seminole Heights Charter High School
Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2020**

	<u>Account</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
Revenues:					
Federal through state and local sources	3200	\$ -	\$ 43,848	\$ -	\$ 43,848
State sources:					
Florida Education Finance Program	3310	1,593,890	-	-	1,593,890
State capital outlay and debt service	3320	-	-	123,544	123,544
Transportation revenue	3354	16,140	-	-	16,140
Local sources:					
Miscellaneous revenues	3400	29,066	-	-	29,066
		<u>1,639,096</u>	<u>43,848</u>	<u>123,544</u>	<u>1,806,488</u>
Total revenues					
Expenditures:					
Instruction	5000	452,774	18,525	-	471,299
Instructional support services	6000	176,623	-	-	176,623
Board services	7100	51,724	-	-	51,724
General administration:					
District management fee	7200.30	79,132	-	-	79,132
Management fee	7200.31	166,392	-	-	166,392
Education fee	7200.32	45,380	-	-	45,380
Administrative services	7300	607,757	-	-	607,757
Pupil transportation	7800	33,011	-	-	33,011
Operation of plant	7900	228,836	25,323	123,544	377,703
Maintenance of plant	8100	29,201	-	-	29,201
		<u>1,870,830</u>	<u>43,848</u>	<u>123,544</u>	<u>2,038,222</u>
Total expenditures					
Net change in fund balances		(231,734)	-	-	(231,734)
Fund Balances, July 1, 2019		<u>883,610</u>	<u>-</u>	<u>-</u>	<u>883,610</u>
Fund Balances, June 30, 2020		<u>\$ 651,876</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 651,876</u>

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

**Florida High School for Accelerated Learning -
Hillsborough County Campus, Inc.
d/b/a Seminole Heights Charter High School
Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances -
Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2020**

Net Changes in Fund Balances - Governmental Funds \$ (231,734)

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 depreciated over their estimated useful lives:

Capital expenditures	\$	46,129	
Current year provision for depreciation		<u>(66,813)</u>	<u>(20,684)</u>

Change in Net Position of Governmental Activities \$ (252,418)

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

**Florida High School for Accelerated Learning -
Hillsborough County Campus, Inc.
d/b/a Seminole Heights Charter High School
Statement of Revenues and Expenditures -
Budget and Actual - General Fund
For the Year Ended June 30, 2020**

	<u>Account</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Variance</u>
Revenues:					
State sources:					
Florida Education					
Finance Program	3310	\$ 1,907,142	\$ 1,589,123	\$ 1,593,890	\$ 4,767
Transportation revenue	3354	-	-	16,140	16,140
Local sources:					
Miscellaneous revenues	3400	-	-	29,066	29,066
Total revenues		<u>1,907,142</u>	<u>1,589,123</u>	<u>1,639,096</u>	<u>49,973</u>
Expenditures:					
Instruction	5000	477,954	436,119	452,774	(16,655)
Instructional support services	6000	184,314	155,237	176,623	(21,386)
Board services	7100	57,100	57,100	51,724	5,376
General administration:					
District management fee	7200.30	57,214	79,456	79,132	324
Management fee	7200.31	191,439	166,063	166,392	(329)
Education fee	7200.32	52,211	45,290	45,380	(90)
Administrative services	7300	578,148	585,372	607,757	(22,385)
Pupil transportation	7800	57,421	45,892	33,011	12,881
Operation of plant	7900	223,846	213,962	228,836	(14,874)
Maintenance of plant	8100	<u>20,000</u>	<u>28,292</u>	<u>29,201</u>	<u>(909)</u>
Total expenditures		<u>1,899,647</u>	<u>1,812,783</u>	<u>1,870,830</u>	<u>(58,047)</u>
Net change in fund balance		<u>\$ 7,495</u>	<u>\$ (223,660)</u>	<u>\$ (231,734)</u>	<u>\$ (8,074)</u>

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

Florida High School for Accelerated Learning -
Hillsborough County Campus, Inc.
d/b/a Seminole Heights Charter High School
Statement of Revenues and Expenditures -
Budget and Actual - Special Revenue Fund
For the Year Ended June 30, 2020

	<u>Account</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Variance</u>
Revenues:					
Federal through state and local sources					
Title I	3200	\$ -	\$ -	\$ 18,525	\$ 18,525
E-rate	3200	26,331	21,448	20,229	(1,219)
Other	3200	-	-	5,094	5,094
		<u>26,331</u>	<u>21,448</u>	<u>43,848</u>	<u>22,400</u>
Total revenues		<u>26,331</u>	<u>21,448</u>	<u>43,848</u>	<u>22,400</u>
Expenditures:					
Instruction	5000	-	-	18,525	(18,525)
Operation of plant	7900	26,331	21,448	25,323	(3,875)
		<u>26,331</u>	<u>21,448</u>	<u>43,848</u>	<u>(22,400)</u>
Total expenditures		<u>26,331</u>	<u>21,448</u>	<u>43,848</u>	<u>(22,400)</u>
Net change in fund balance		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

Note 1 - Organization and Operations

Florida High School for Accelerated Learning – Hillsborough County Campus, Inc. d/b/a Seminole Heights Charter High School (the “School”), a component unit of the School Board of Hillsborough County, Florida (the “School Board”) was established as a charter school for students from ninth to twelfth grade in Hillsborough County. For the year ended June 30, 2020, 245 students were enrolled in the School. The School is funded primarily through the School Board and was organized as a Florida nonprofit corporation. The School was granted a charter from the School Board to operate a public high school within the School District. The School Board may terminate the charter before its expiration date based on various circumstances as defined in the charter agreement.

Note 2 - Summary of Significant Accounting Policies

Reporting entity: The School operates under a charter granted by the School Board. The current charter is effective until June 30, 2028, and may be renewed in increments of ten years by mutual written agreement between the School and the School Board. At the end of the term of the charter, the School Board may choose not to renew the charter under grounds specified in the charter, in which case the School Board is required to notify the School in writing at least ninety days prior to the charter's expiration. During the term of the charter, the School Board may also terminate the charter if good cause is shown. The School is considered a component unit of the School Board of Hillsborough County, Florida.

The School may also be financially accountable if an organization is fiscally dependent on the School regardless of whether the organization has a separately elected governing board, a governing board appointed by another government, or a jointly approved board. In addition, component units can be other organizations for which the nature and significance of their relationship with the School are such that exclusion would cause the reporting entity's basic financial statements to be misleading or incomplete.

As a result of evaluating the above criteria, management has determined that no component units exist for which the School is financially accountable, which would require inclusion in the School's basic financial statements.

Basis of presentation: Based on the guidance provided by the American Institute of Certified Public Accountants and provisions of Section 228.056(9), Florida Statutes, the School is presented as a governmental organization for financial statement reporting purposes.

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 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.

Note 2 - Summary of Significant Accounting Policies (continued)

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 reports the following major governmental funds:

General Fund – This fund is used to account for all operating activities of the School except for those required to be accounted for in another fund.

Special Revenue Fund – This fund is used to account for federal grants that are legally restricted to expenditures for particular purposes.

Capital Projects Fund – This fund is used to account for state capital outlay funding that is legally restricted to expenditures for particular purposes.

Measurement focus and basis of accounting: The basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied. Governmental funds use the current financial resources measurement focus and the governmental-wide statement uses the economic resources measurement focus.

Governmental activity in the government-wide basic financial statements is presented on the full accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized when incurred.

The governmental funds financial statements are presented on the modified accrual basis of accounting under which revenue is recognized in the accounting period in which it becomes susceptible to accrual (i.e., when it becomes both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within sixty days after year end or soon enough thereafter to be used to pay liabilities of the current period.

Cash and cash equivalents: The School considers all demand accounts and money market funds which are not subjected to withdrawal restrictions to be cash and cash equivalents.

In addition, the School maintains its cash accounts with one financial institution. The School's accounts at this institution, at times, may exceed the federally insured limit. The School has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk.

Due to and from other funds and transfers in/out: Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. The balances result from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made. Transfers are made from the General Fund to the Capital Projects Fund to allocate the rebate on the district administrative fee that is to be used for capital outlay.

Note 2 - Summary of Significant Accounting Policies (continued)

Due from governmental agencies: Amounts due to the School from governmental agencies are for grants or programs under which the services have been provided by the School. At June 30, 2020, amounts due from governmental agencies represents amounts due from the Hillsborough County School District for a safety and security grant.

Capital assets: Capital assets purchased or acquired with an original cost of \$ 1,000 or more are capitalized at historical cost or estimated historical cost and are reported in the government-wide financial statement. Donated capital assets are valued at the estimated fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized and depreciated over the remaining useful lives of the related capital assets. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation on capital assets is provided on the straight-line basis over the respective useful lives ranging from 3 to 10 years.

Within governmental funds, amounts incurred for the acquisition of capital assets are reported as fund expenditures. Depreciation expense is not reported within the governmental fund financial statements.

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

Unearned revenue: Unearned revenue arises only when the School receives resources before it has a legal claim to them.

Grant and contract revenue: Grant and contract revenue is recognized when the allowable costs as defined by the individual grant or contract are incurred.

Revenue recognition: Student funding is provided by the State of Florida through the School Board. Such funding is recorded as entitlement revenue in the government-wide financial statements and state source revenue in the fund financial basic statements. The School Board retains a 5% administration fee for enrollment up to and including 250 students. This funding is received on a pro-rata basis over a twelve-month period and is adjusted for changes in full-time equivalent (FTE) student population.

Net position: Net position is classified in three categories. The general meaning of each is as follows:

- Invested in capital assets, net of related debt - represents the difference between the cost of capital assets, less accumulated depreciation reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets.

Note 2 - Summary of Significant Accounting Policies (continued)

- Unrestricted - indicates that portion of net position that will need to be funded by future operations.
- Restricted net position - consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation. The School does not have any items that qualify for reporting in this category.

Fund balance: The School implemented the provisions of Governmental Accounting Standards Board (“GASB”) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides more clearly defined fund balance classifications to report on the nature and extent to which the School is bound to have constraints on the specific purposes for which amounts in those funds can be spent.

The following classifications describe the relative strength of the spending constraints:

- *Nonspendable Fund Balance* – amounts that are not in spendable form (such as prepaid items) or are legally or contractually required to be maintained intact.
- *Restricted Fund Balance* – amounts constrained to specific purposes by external providers (such as grantors, creditors, etc.) or imposed by law through constitutional provisions, or by enabling legislation.
- *Committed Fund Balance* – amounts constrained to specific purposes by formal action of the Board itself, using its highest level of decision making authority (i.e., the Board Members) through resolution or ordinance. To be reported as committed, amounts cannot be used for any other purpose unless the Board Members take the same highest level action (i.e., resolution or ordinance) to remove or change the constraint.
- *Assigned Fund Balance* – amounts the School intends to use for a specific purpose but are neither restricted nor committed. Assignments can be made by the Board.
- *Unassigned Fund Balance* – amounts that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the general fund. Positive amounts are only reported in the General Fund.

The School uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the School would first use committed fund balance, followed by assigned fund balance when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Budget: An operating budget is adopted and maintained by the governing board for the School pursuant to the requirements of Florida Statutes. The budget is adopted using the same basis of accounting that is used in the preparation of the financial statements.

Income taxes: The School 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.

Note 2 - Summary of Significant Accounting Policies (continued)

Use of estimates: The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America 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 the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Date of management review: Subsequent events were evaluated by management through September 23, 2020, which is the date the financial statements were available for issuance.

Note 3 - Cash and Cash Equivalents

At June 30, 2020, the carrying amount of the deposits totaled \$ 768,681, with a bank balance of \$ 795,741.

State statutes require, and it is the School's policy, that all deposits be made into, and be held by, financial institutions designated by the Treasurer of the State of Florida as qualified public depositories as defined by Chapter 280 of the Florida Statutes. This statute requires that every qualified public depository institution maintain eligible collateral to secure the public entity's funds. The minimum collateral to be pledged by an institution, the collateral eligible for pledge, and reporting requirements of the qualified public depository to the treasurer is defined by the statute. Collateral is pooled in a multiple qualified public depository institution pool with the ability to assess members of the pool should the need arise. The School's deposits are held in a qualified public depository. They are covered by the collateral pool as the School has identified itself as a public entity at June 30, 2020.

Note 4 - Capital Assets

A summary of changes in governmental capital assets is as follows:

	Balance July 1, 2019	Additions	Retirements	Balance June 30, 2020
Capital assets, depreciable:				
Computers and equipment	\$ 422,762	\$ 21,959	\$ -	\$ 444,721
Leasehold improvements	143,749	24,170	-	167,919
Furniture and fixtures	106,906	-	-	106,906
Total capital assets, depreciable	<u>673,417</u>	<u>46,129</u>	<u>-</u>	<u>719,546</u>
Accumulated depreciation:				
Computers and equipment	347,403	41,020	-	388,423
Leasehold improvements	74,472	16,590	-	91,062
Furniture and fixtures	83,113	9,203	-	92,316
Total accumulated depreciation	<u>504,988</u>	<u>66,813</u>	<u>-</u>	<u>571,801</u>
Net capital assets	<u>\$ 168,429</u>	<u>\$ (20,684)</u>	<u>\$ -</u>	<u>\$ 147,745</u>

Note 4 - Capital Assets (continued)

The provision for depreciation for the year ended June 30, 2020, amounted to \$ 66,813. The School allocated 100% of the depreciation to facilities acquisition and construction.

Note 5 - Commitments and Contingencies

Management agreement: The School has entered into a contractual agreement with Accelerated Learning Solutions, Inc., a Tennessee Corporation (the “Company”), to provide management and consulting services to the School. The amended and restated management agreement commenced September 2010, and was renewed in July 2018, for a five-year term and is automatically renewable for successive five-year terms unless notice of intent not to renew is executed six months prior to its anniversary by either party. Under the terms of the agreement, the School is charged fees for services of eleven percent (11%) of the School’s qualified gross revenues, as defined in the agreement. Qualified gross revenues include various federal, state and local source revenues with certain exceptions, including, but not limited to federal or state awards that are intended to be a reimbursement of expenditures on a dollar for dollar basis. The Company is also entitled to all grants and contributions not defined by the agreement within the terms of qualified gross revenues. Effective May 22, 2020, the management agreement was assigned from the Company to ALS Education, LLC.

In return for the above fees the Company shall be responsible for providing management and consulting services in the areas of financial operations, facility and equipment procurement and maintenance, curriculum assessment and evaluation, technology and operational support, human resources and student recruitment.

The contract may be terminated by the School for non-renewal of the charter with the School Board, and for breaches of contract terms which have not been cured within ninety days of written notice at the time of the contract breach. The contract may be terminated by the Company for fiscal year operating deficits (excluding the first year of operations), failure to pay fees due to the Company, material changes in federal or state funding, or other material breaches of the contract terms by the School which have not been cured within ninety days of written notice at the time of the contract breach.

Educational services agreement: The School has also entered into a contractual agreement with the Company to provide educational services to the School. The agreement commenced September 2010 for a five-year term and is automatically renewable for successive five-year terms unless notice of intent not to renew is executed six months prior to its anniversary by either party. Under the terms of the agreement, the School is charged fees for services of three percent (3%) of the School’s qualified gross revenues as defined above. In addition, the School must pay the Company all salary and hourly wages and actual benefit costs of the personnel employed by the Company for the School, and all direct, third party costs incurred by the Company in connection with providing the educational program services.

In return for the above fees the Company shall be responsible for providing the educational program for the School subject to the approval of the School and consistent with the mission set forth in the School’s charter. The Company shall also recruit, select and employ the School’s principal and other personnel deemed necessary by the Company and the School for the School’s operations.

Note 5 - Commitments and Contingencies (continued)

The contract may be terminated by the School for non-renewal of the charter with the School Board, and for breaches of contract terms which have not been cured within ninety days of written notice at the time of the contract breach. The contract may be terminated by the Company for fiscal year operating deficits (excluding the first year of operations), failure to pay fees due to the Company, material changes in federal or state funding, or other material breaches of the contract terms by the School which have not been cured within ninety days of written notice at the time of the contract breach. Effective May 22, 2020, the educational agreement was assigned from the Company to ALS Education, LLC.

Lease commitment:

The School entered into a lease agreement with the Company for the facilities of the School, which will expire in June 2028 and requires base monthly payments to the Company of approximately \$ 16,300 through September 2020, will then increase to approximately \$ 17,900 through June 2025, and will increase 1.5% each year thereafter through 2028. The lease also calls for annual operating charges to be assessed in addition to other charges including payments for certain landlord improvements. The lease also contains three renewal options for five years each. Total expense in connection with the facility lease amounted to approximately \$ 195,400 for the year ended June 30, 2020.

Future lease payments, including the annual operating and other charges mentioned above, are approximately as follows:

Year Ending June 30,		
2021	\$	210,000
2022	\$	214,900
2023	\$	214,900
2024	\$	214,900
2025	\$	214,900
Thereafter	\$	664,300

Post-retirement benefits: The School does not provide post-retirement benefits to retired employees. All employees are employees of the management company and benefits are the management company’s sole responsibility.

Note 6 - Risk Financing

The School is exposed to various risks of loss related to torts, thefts of, damage to, and destruction of assets and natural disasters. The School has obtained property insurance from commercial companies. There have been no claims in excess of insurance coverage since the School’s inception.

Note 7 - Florida Education Finance Program (FEFP) Funding

The basic amount of funding through the FEFP under Section 1011.62 is the product of (1) the School's 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 2019/2020 school year, the School reported 245 unweighted FTE. Weighted funding represented approximately 1.0% of total state funding.

FEFP funding may also be adjusted as a result of subsequent FTE audits conducted by the 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)
- Teacher certificates and other certification documentation (Rule 6A-1.0503, FAC)
- Procedural safeguards for weighted programs (Rule 6A-6.03411, FAC)
- Evaluation and planning documents for weighted programs (Sections 1011.62(1)(e), FS, and Rule 6A-6.03411, FAC)

Note 8 - Risks and Uncertainties

In March 2020, the *World Health Organization* declared the outbreak of a coronavirus (COVID-19) a pandemic. As a result, the local and global financial markets are experiencing significant declines and creating economic uncertainties. At this time, it is unknown precisely how this negative outlook will impact the School's financial statements in the future. No adjustments have been made to the accompanying financial statements as a result of the current events.

OTHER REPORTS OF INDEPENDENT AUDITORS

**Keefe
McCullough**
CPA's + Trusted Advisors

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
Florida High School for Accelerated Learning – Hillsborough County Campus, Inc.
d/b/a Seminole Heights Charter High School

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 Florida High School for Accelerated Learning – Hillsborough County Campus, Inc. d/b/a Seminole Heights Charter High School (the "School"), a component unit of the School Board of Hillsborough 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 23, 2020.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



KEEFE McCULLOUGH

Fort Lauderdale, Florida
September 23, 2020

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF DIRECTORS

To the Board of Directors
Florida High School for Accelerated Learning – Hillsborough County Campus, Inc.
d/b/a Seminole Heights Charter High School

Report on the Financial Statements

We have audited the financial statements of Florida High School for Accelerated Learning – Hillsborough County Campus, Inc. d/b/a Seminole Heights Charter High School (the "School"), a component unit of the School Board of Hillsborough County, Florida, as of and for the year ended June 30, 2020, and have issued our report thereon dated September 23, 2020.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated September 23, 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 recommendations made in the preceding audit report.

Official Title

Section 10.854(1)(e)5, Rules of the Auditor General, requires the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title and school code assigned by the Florida Department of Education of the entity is Florida High School for Accelerated Learning – Hillsborough County Campus, Inc. d/b/a Seminole Heights Charter High School and 296646.

Financial Condition and Management

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

Pursuant to Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, we applied financial condition assessment procedures for the School. It is management's responsibility to monitor the School's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

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

Purpose of this Letter

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



KEEFE McCULLOUGH

Fort Lauderdale, Florida
September 23, 2020