

**VIERA CHARTER
SCHOOL**
(A division of Viera
Charter Schools, Inc. and a
Component Unit of the School
Board of Brevard County,
Florida)

**Basic Financial Statements and
Supplemental Information**

**For the year ended
June 30, 2020**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Viera Charter Schools, Inc.
Viera, Florida

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Viera Charter School (the "School"), a division of Viera Charter Schools, Inc. (the "Charterholder"), a component unit of the School Board of Brevard County, Florida (the "District"), 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 of material misstatement.

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

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

Opinions

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

Emphasis of Matter

As described in Note A-1, the accompanying financial statements referred to above present only the financial position of the School at June 30, 2020, and the results of its operation for the year then ended, and is not intended to be a complete presentation of the Charterholder or the District.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and budgetary comparison information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2020 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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

September 30, 2020
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP

Management's Discussion and Analysis

As management of Viera Charter School (the "School") a division of Viera Charter Schools, Inc. which is a component unit of the School Board of Brevard County, Florida, we offer readers of the School's financial statements this narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2020 to (a) assist the reader in focusing on significant financial issues, (b) provide an overview and analysis of the School's financial activities, (c) identify changes in the School's financial position, (d) identify material deviations from the approved budget, and (e) highlight significant issues in individual funds.

Since the information contained in the Management's Discussion and Analysis (MD&A) is intended to highlight significant transactions, events, and conditions, it should be considered in conjunction with the basic financial statements listed in the table of contents.

Financial Highlights

- The liabilities of the School exceeded its assets at the close of the most recent fiscal year by \$265,021 for a net deficit.
- The School's total net position decreased by \$936,620.
- As of the close of the current fiscal year, the School's governmental funds reported a combined ending fund balances of \$9,201,426.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$1,518,459.

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 comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains 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, liabilities, and deferred outflows/inflows of resources with the difference 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 most recent fiscal 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 funding and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the School that are principally supported by district, state, and federal funding (governmental activities). Basic instruction, exceptional instruction, and school administration are examples of the School's governmental activities.

The government-wide financial statements include only the School itself, which is a component unit of the School Board of Brevard County, Florida. The School Board of Brevard County, Florida includes the operations of the School in their operational results.

The government-wide financial statements can be found as listed in the table of contents of this report.

Fund financial statements. A fund is a collection of related accounts grouped together to maintain control over resources that have been segregated for specific activities or objectives. The School, like state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the operations of the School are presented in governmental funds only.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government'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 in the government-wide 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 statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The School maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balances. The general fund, the paycheck protection program ("PPP") fund, and debt service fund are considered to be major funds.

The governmental fund financial statements can be found as listed in the table of contents of this report.

General Fund Budgetary Highlights. The School adopts an annual appropriated budget for its entire operations. Budgetary comparison schedules and notes to these schedules have been provided to demonstrate compliance with this budget and can be found as listed in the table of contents of this report.

Notes to the financial statements. The notes 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 starting as listed in the table of contents of this report.

Government-Wide Financial Analysis

As noted previously, net position may serve over time as a useful indicator of the School's financial position. As of June 30, 2020 and 2019, liabilities exceeded assets by \$265,021 (net deficit) and assets exceeded liabilities by \$671,599 (net position), respectively.

The largest portion of the School's net position is the restricted portion. Another portion of the net position reflects its net investment in capital assets (e.g., furniture, fixtures, and equipment, buildings, etc.) less any related debt used to acquire those assets that is still outstanding. The School uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the School's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The net investment in capital assets totaled \$1,256,944 at June 30, 2020. Comparison of the condensed statement of net position and the statement of activities are provided below:

Statement of Net Position

	Governmental Activities		
	2020	2019	Variance
ASSETS			
Current assets	\$ 10,851,767	\$ 4,121,095	\$ 6,730,672
Capital assets, net	24,976,186	15,612,510	9,363,676
Total assets	<u>35,827,953</u>	<u>19,733,605</u>	<u>16,094,348</u>
LIABILITIES			
Current liabilities	1,650,341	614,948	1,035,393
Noncurrent liabilities	34,442,633	18,447,058	15,995,575
Total liabilities	<u>36,092,974</u>	<u>19,062,006</u>	<u>17,030,968</u>
NET POSITION			
Net investment in capital assets	(352,024)	(1,466,120)	1,114,096
Restricted	8,495,043	1,421,370	7,073,673
Unrestricted	(8,408,040)	716,349	(9,124,389)
Total net position (deficit)	<u>\$ (265,021)</u>	<u>\$ 671,599</u>	<u>\$ (936,620)</u>

The increase in current assets is primarily attributable to an increase in cash balances from the proceeds of the PPP loan and the cash proceeds to be held by the trustee for the 2019 bond issue. The increase in capital assets is due to the purchase of land and the new construction in progress for an expansion of the facilities which is related to the 2019 bond issuance. The increase in noncurrent liabilities is due to the issuance of the 2019 bonds and the PPP loan liability. The increase in current liabilities is due to an increase in accounts payable for the construction in progress.

Statement of Activities

	Governmental Activities		
	2020	2019	Variance
Revenues:			
Program revenues:			
Charges for services	\$ 21,226	\$ 29,249	\$ (8,023)
Operating grants and contributions	109,138	55,238	53,900
General revenues:			
State passed through school district	8,032,670	7,881,856	150,814
Other revenues	378,165	341,061	37,104
Total revenues	<u>8,541,199</u>	<u>8,307,404</u>	<u>233,795</u>
Expenses:			
Basic instruction	4,385,925	4,047,170	338,755
Exceptional instruction	105,591	113,325	(7,734)
Guidance services	72,473	33,217	39,256
Health services	8,377	2,956	5,421
Media services	-	18,691	(18,691)
Instruction and curriculum development services	153,937	111,819	42,118
Instructional staff training services	11,058	13,610	(2,552)
Instruction related technology	134,845	89,527	45,318
Board	99,607	70,188	29,419
General administration	318,524	341,317	(22,793)
School administration	636,618	579,748	56,870
Student transportation	261,475	262,800	(1,325)
Fiscal services	350,750	334,041	16,709
Facilities	350,627	354,090	(3,463)
Central services	3,625	1,945	1,680
Operation of plant	609,332	606,158	3,174
Maintenance of plant	81,684	122,150	(40,466)
Interest on long-term obligations	1,296,267	902,324	393,943
Debt issuance cost	597,104	-	597,104
Total expenses	<u>9,477,819</u>	<u>8,005,076</u>	<u>1,472,743</u>
Change in net position	(936,620)	302,328	(1,238,948)
Net position at the beginning of the year	<u>671,599</u>	<u>369,271</u>	<u>302,328</u>
Net position (deficit) at the end of the year	<u>\$ (265,021)</u>	<u>\$ 671,599</u>	<u>\$ (936,620)</u>

The increase in state revenue passed through the school district is primarily attributable to an increase in FEFP revenues due to increased enrollment. The increase in basic instruction expenses is due to an increase in salaries and benefits. The increase in interest on long term obligations expense and the debt issuance costs is due to the issuance of the 2019 bonds during the year.

Financial Analysis of the Government's Funds

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

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

As of the current fiscal year, the School's governmental funds reported a combined ending fund balance of \$9,630,116.

The general fund is the main operating fund of the School. At the end of the current fiscal year, the unassigned fund balance of the general fund was \$1,947,149.

During the current fiscal year, the fund balance of the School's general fund decreased by \$249,315.

General Fund Budgetary Highlights

Actual general fund revenues and expenditures equal budgeted revenues and expenditures. The budgetary information can be found as listed in the table of contents of this report.

Capital Asset and Debt Administration

Capital Assets. The School's investment in capital assets for its governmental type activities as of June 30, 2020, amounts to \$24,976,186, net of accumulated depreciation and amortization. This investment in capital assets includes land, buildings and fixed equipment, computer software, and furniture, fixtures and equipment. Additional information on the School's capital assets can be found in Note C.

Debt Administration. The School's long term debt (net) at June 30, 2020 totaled \$34,442,633, an increase of \$15,995,575 from the prior fiscal year due to the PPP loan that was obtained during the year and the issuance of the 2019 bonds. Additional information on the School's long-term obligations can be found in Note D.

Economic Factors. A majority of the School's funding is determined by the number of enrolled students. Due to the School being an A+ school, the School is forecasting enrollment to be at the building's capacity of 1,328 students.

Request for Information

This financial report is designed to provide a general overview of the Viera Charter School's finances for all those with an interest in the School's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Viera Charter School, 6206 Breslay Drive, Florida, 32940.

Viera Charter School
(A division of Viera Charter Schools, Inc. and a Component Unit of the School Board of Brevard County, Florida)

STATEMENT OF NET POSITION

June 30, 2020

	<u>Governmental Activities</u>
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents - unrestricted	\$ 3,100,355
Cash and cash equivalents - restricted	7,590,123
Due from other agencies	43,243
Due from other schools	25,202
Prepaid expenses	91,632
Deposits	1,212
Total current assets	<u>10,851,767</u>
CAPITAL ASSETS	
Capital assets not being depreciated	
Land	3,581,082
Construction in progress	8,552,785
Capital assets, net	
Buildings and fixed equipment, net	12,727,649
Furniture, fixtures and equipment, net	112,321
Computer software, net	2,349
Total capital assets	<u>24,976,186</u>
Total assets	<u>35,827,953</u>
LIABILITIES	
Accounts payable	758,890
Accrued Interest payable	428,690
Accrued payroll	424,971
Unearned revenue	37,790
Long-term liabilities - due within one year	
Accrued compensation	9,250
Bonds payable	275,975
Long-term liabilities - due in more than one year	
Accrued compensation	5,100
Paycheck protection program	904,920
Bonds payable	33,247,388
Total liabilities	<u>36,092,974</u>
NET POSITION	
Net investment in capital assets	(1,256,944)
Restricted	7,590,123
Unrestricted	(6,598,200)
Total net deficit	<u>\$ (265,021)</u>

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

Viera Charter School
(A division of Viera Charter Schools, Inc. and a Component Unit of the School Board of Brevard County, Florida)

STATEMENT OF ACTIVITIES
For the year ended June 30, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Basic instruction	\$ 4,385,925	\$ 21,226	\$ 98,503	\$ -	\$ (4,266,196)
Exceptional instruction	105,591	-	10,635	-	(94,956)
Guidance services	72,473	-	-	-	(72,473)
Health services	8,377	-	-	-	(8,377)
Instruction and curriculum development services	153,937	-	-	-	(153,937)
Instructional staff training services	11,058	-	-	-	(11,058)
Instruction related technology	134,845	-	-	-	(134,845)
Board	99,607	-	-	-	(99,607)
General administration	318,524	-	-	-	(318,524)
School administration	636,618	-	-	-	(636,618)
Student transportation	261,475	-	-	-	(261,475)
Fiscal services	350,750	-	-	-	(350,750)
Facilities	350,627	-	-	-	(350,627)
Central services	3,625	-	-	-	(3,625)
Operation of plant	609,332	-	-	-	(609,332)
Maintenance of plant	81,684	-	-	-	(81,684)
Interest on long-term obligations	1,296,267	-	-	-	(1,296,267)
Debt issuance cost	597,104	-	-	-	(597,104)
Total governmental activities	\$ 9,477,819	\$ 21,226	\$ 109,138	\$ -	(9,347,455)
General revenues:					
State passed through school district					8,032,670
Other revenues					378,165
Total general revenues					8,410,835
Change in net position					(936,620)
Net position at the beginning of the year					671,599
Net deficit at the end of the year					\$ (265,021)

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

Viera Charter School
(A division of Viera Charter Schools, Inc. and a Component Unit of the School Board of Brevard County, Florida)

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2020

	General Fund	Debt Service Fund	PPP Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents - unrestricted	\$ 3,100,355	\$ -	\$ -	\$ -	\$ 3,100,355
Cash and cash equivalents - restricted	-	6,685,203	904,920	-	7,590,123
Due from other agencies	-	43,243	-	-	43,243
Due from other schools	25,202	-	-	-	25,202
Due from other funds	1,883,798	-	-	-	1,883,798
Prepaid expenses	91,632	-	-	-	91,632
Deposits	1,212	-	-	-	1,212
Total assets	<u>\$ 5,102,199</u>	<u>\$ 6,728,446</u>	<u>\$ 904,920</u>	<u>\$ -</u>	<u>\$ 12,735,565</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 758,890	\$ -	\$ -	\$ -	\$ 758,890
Interest and fees payable	-	428,690	-	-	428,690
Unearned revenue	-	37,790	-	-	37,790
Accrued payroll	424,971	-	-	-	424,971
Due to other funds	-	1,209,152	674,646	-	1,883,798
Total liabilities	<u>1,183,861</u>	<u>1,675,632</u>	<u>674,646</u>	<u>-</u>	<u>3,534,139</u>
FUND BALANCES					
Nonspendable					
Prepaid expenses	91,632	-	-	-	91,632
Deposits	1,212	-	-	-	1,212
Restricted	2,307,035	5,052,814	230,274	-	7,590,123
Unassigned	1,518,459	-	-	-	1,518,459
Total fund balances	<u>3,918,338</u>	<u>5,052,814</u>	<u>230,274</u>	<u>-</u>	<u>9,201,426</u>
Total liabilities and fund balances	<u>\$ 5,102,199</u>	<u>\$ 6,728,446</u>	<u>\$ 904,920</u>	<u>\$ -</u>	<u>\$ 12,735,565</u>

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

Viera Charter School
(A division of Viera Charter Schools, Inc. and a Component Unit of the School Board of Brevard County, Florida)

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

June 30, 2020

Fund balances - total governmental funds \$ 9,201,426

The net position reported for governmental activities in the statement of net position is different because:

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

Land	\$ 3,581,082	
Construction in progress	8,552,785	
Buildings and fixed equipment, net	12,727,649	
Furniture, fixtures and equipment, net	112,321	
Computer software, net	<u>2,349</u>	
Total capital assets, net		24,976,186

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:

Accrued compensation		(14,350)
Bonds payable, net		(33,523,363)
PPP loan		<u>(904,920)</u>
Total net position of governmental activities		<u>\$ (265,021)</u>

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

Viera Charter School
(A division of Viera Charter Schools, Inc. and a Component Unit of the School Board of Brevard County, Florida)

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

For the year ended June 30, 2020

	General Fund	Debt Service Fund	PPP Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
State passed through school district	\$ 7,502,058	\$ 530,612	\$ -	\$ -	\$ 8,032,670
Federal through school district	-	-	-	55,767	55,767
Federal through state	53,371	-	-	-	53,371
Other fees	21,226	-	-	-	21,226
Interest income	-	72,988	-	-	72,988
Miscellaneous	305,177	-	-	-	305,177
Total revenues	7,881,832	603,600	-	55,767	8,541,199
Expenditures					
Current:					
Basic instruction	4,288,923	-	-	55,270	4,344,193
Exceptional instruction	105,591	-	-	-	105,591
Guidance services	72,473	-	-	-	72,473
Health services	8,377	-	-	-	8,377
Curriculum development services	153,937	-	-	-	153,937
Instructional staff training services	10,561	-	-	497	11,058
Instruction related technology	134,845	-	-	-	134,845
Board	89,203	10,404	-	-	99,607
General administration	318,524	-	-	-	318,524
School administration	636,618	-	-	-	636,618
Fiscal services	312,583	38,167	-	-	350,750
Student transportation services	261,475	-	-	-	261,475
Facilities	750	-	-	-	750
Central services	3,625	-	-	-	3,625
Operation of plant	609,332	-	-	-	609,332
Maintenance of plant	81,684	-	-	-	81,684
Capital outlay:					
Other capital outlay	61,685	-	-	-	61,685
Facilities	-	9,689,450	-	-	9,689,450
Debt service:					
Principal	-	166,667	-	-	166,667
Interest	-	1,306,739	-	-	1,306,739
Debt issuance cost	-	597,104	-	-	597,104
Total expenditures	7,150,186	11,808,531	-	55,767	19,014,484
Excess (deficiency) of revenues over (under) expenditures	731,646	(11,204,931)	-	-	(10,473,285)
Other financing sources and uses:					
Transfers in	674,646	980,961	-	-	1,655,607
Transfers out	(980,961)	-	(674,646)	-	(1,655,607)
Proceeds of long term debt	-	14,585,000	904,920	-	15,489,920
Bond premium	-	678,644	-	-	678,644
Net change in fund balances	425,331	5,039,674	230,274	-	5,695,279
Fund balances at the beginning of the year	3,493,007	13,140	-	-	3,506,147
Fund balances at the end of the year	\$ 3,918,338	\$ 5,052,814	\$ 230,274	\$ -	\$ 9,201,426

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

Viera Charter School
(A division of Viera Charter Schools, Inc. and a Component Unit of the School Board of Brevard County, Florida)

**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 change in fund balances - total government funds \$ 5,695,279

The change in net position reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense.

Capital outlay	\$ 9,751,135	
Depreciation and amortization expense	<u>(387,459)</u>	
		9,363,676

The issuance of long-term debt provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of discounts and premiums when the debt is first issued, whereas this amount is deferred and amortized in the statement of activities.

Bonds payable issuance		(14,585,000)
PPP loan issuance		(904,920)
Amortization of bonds payable discount		(1,899)
Amortization of bonds payable premium		12,371
Bonds payable premium		(678,644)
Principal payments on long term debt		166,667

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures int the governmental funds.

Accrued compensation changes		<u>(4,150)</u>
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Change in net position of governmental activities		<u><u>\$ (936,620)</u></u>
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The accompanying notes are an integral part of this financial statement.

Viera Charter School
(A division of Viera Charter Schools, Inc. and a Component Unit of the School Board of
Brevard County, Florida)

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Reporting entity

Viera Charter School (the "School") is a division of Viera Charter Schools, Inc. (the "Charterholder"), a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act, and Section 1002.33, Florida Statutes. The Charterholder is designated as an educational organization under Section 501(c)(3) of the Internal Revenue Code. The governing body of the School is the Board of Trustees, which is composed of five members. The financial information presented is that of the School only and is not intended to be a complete presentation of the Charterholder or the District.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, which is the School Board of Brevard County, Florida (the "District"). The current charter is effective until June 30, 2032. At the end of the term of the charter, the District may choose not to renew the charter under the grounds specified in the charter agreement in which case the District is required to notify the School in writing at least 90 days prior to the charter's expiration. During the term of the charter, the District may also terminate the charter if good cause is shown. The School is considered a component unit of the District.

2. Government-wide and fund financial statements

The government-wide financial statements consist of a statement of net position and a statement of activities. These statements report information on all of the nonfiduciary activities of the School. As part of the consolidation process, all interfund activities are eliminated from these statements. Both statements report only the governmental activities as the School does not engage in any business type activities.

Net position, the difference between assets, liabilities, and deferred outflows/inflows of resources, as presented in the statement of net position, are subdivided into three categories: net investment in capital assets, restricted net position, and unrestricted net position. Net investment in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and amortization, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when constraints are imposed on the use of the amounts either externally by creditors, grantors, contributors, or laws or regulations of other governments, or enabling legislation. Unrestricted net position includes all of the remaining net position that does not meet the definition of the other two components.

Viera Charter School
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Brevard County, Florida)

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2. Government-wide and fund financial statements (continued)

The statement of activities presents a comparison between the direct and indirect expenses of a given function and its program revenues, and displays the extent to which each function contributes to the change in net position for the fiscal year. Direct expenses are those that are clearly identifiable to a specific function.

Indirect expenses are costs the School has allocated to various functions. Program revenues consist of charges for services, operating grants and contributions, and capital grants and contributions.

Charges for services refer to amounts received from those who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment. Grants and contributions consist of revenues that are restricted to meeting the operational or capital requirements of a particular function. Revenues not classified as program revenues are reported as general revenues.

Separate fund financial statements report detailed information about the School's governmental funds. The focus of the governmental fund financial statements is on major funds. Therefore, major funds are reported in separate columns on the fund financial statements. The School reports the general fund, paycheck protection program ("PPP") fund, and debt service fund as its major funds. A reconciliation is provided that converts the results of governmental fund accounting to the government-wide presentation.

3. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized when a liability is incurred.

Viera Charter School
(A division of Viera Charter Schools, Inc. and a Component Unit of the School Board of
Brevard County, Florida)

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3. Measurement focus, basis of accounting, and financial statement presentation (continued)

All government fund financial statements are reported using a current financial resources measurement focus on a modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues, except for certain grant revenues, are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the School considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for federal, state, and other grant resources, revenue is recognized at the time the expenditure is made.

Under the modified accrual basis of accounting, expenditures are generally recorded when the related fund liability is incurred. However, principal and interest on general long-term debt is recorded as an expenditure only when payment is due.

The School's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. Accordingly, the financial statements are organized on the basis of funds. A fund is an accounting entity having a self-balancing set of accounts for recording assets, liabilities, fund equity, revenues, expenditures, and other financing sources and uses.

Resources are allocated to and accounted for in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled. The School reports the following major governmental funds:

General Fund - is the general operating fund of the School and is used to account for all financial resources not required to be accounted for in another fund.

PPP Fund - this fund accounts for the resources accumulated and payments made for principal and interest on the School's PPP loan.

Debt Service Fund - this fund accounts for the resources accumulated and payments made for principal and interest on the School's long-term debt related to bond issuances.

Viera Charter School
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Brevard County, Florida)

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4. Cash and cash equivalents

Unrestricted cash is made up of checking accounts held at financial institutions and short-term investments with original maturities of three months or less. See Note B for information pertaining to restricted cash and cash equivalents.

5. Receivables

As of June 30, 2020, the School's due froms consist of amounts due from the School's food services sponsor (a separate charter school), and other governmental agencies. As of June 30, 2020, the School is owed \$25,202 for the reimbursement of cafeteria personnel payroll related food service expenses. Based on prior experience, the School's management considers 100% of the due froms fully collectible. Therefore, no allowance for doubtful accounts has been provided.

6. Interfund activity

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as due to/from other funds. As of June 30, 2020, the School's interfund due to/from amounted to \$1,883,798.

Transfers are used to move resources between the School's funds. During the current year, the general fund transferred \$980,961 to the debt service fund to cover debt service expenditures related to the bonds and \$674,646 was transferred from the PPP fund to the general fund to cover payroll expenses.

7. Prepaid expense

Payments made to vendors for services that will benefit periods beyond June 30, 2020, are recorded as prepaid expenses in both the government-wide and fund financial statements.

8. Capital assets

Capital assets are reported in the governmental columns on the government-wide financial statements. Capital assets are defined by the School as assets with an initial individual cost of more than \$1,000 and an estimated useful life of more than one year. Such assets are recorded at historical cost. Donated capital assets are recorded at their estimated fair market values at the date of donation. The cost of normal repairs and maintenance that do not add to the value of the asset or materially extend asset lives are not capitalized.

Viera Charter School
(A division of Viera Charter Schools, Inc. and a Component Unit of the School Board of Brevard County, Florida)

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

8. Capital assets (continued)

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings and fixed equipment	30
Furniture, fixtures and equipment	5 - 7
Computer software	5

9. Long-term obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. In the fund financial statements, governmental funds report the face amount of debt issued as other financing sources and repayments of debt principal as debt service expenditures.

The amortization of discount and premiums on bonds is over the life of the related debt. The amortization of discount or premium is recorded as interest expense. Bonds payable are reported net of the applicable bond discount or premium. In the fund financial statements, governmental funds recognize bond premiums and discounts during the period the debt is issued. The face amount of debt issued and premiums received are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Debt issuance costs are reported as expenditures or expenses when incurred.

10. Compensated absences

The School accrues personal leave based on current compensation levels in accordance with accounting principles generally accepted in the United States of America. The entire compensated absences liability is reported on the government-wide financial statements.

All full-time salaried instructional employees earn personal leave at a rate of 3.2 hours per pay period (20 pay periods) for a total of eight days earned per year. The employees can carry over up to four unused personal leave days with a maximum accumulation of 12 days in a single year and must be used or forfeited upon termination.

Viera Charter School
(A division of Viera Charter Schools, Inc. and a Component Unit of the School Board of
Brevard County, Florida)

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

11. Revenue sources

Revenues for current operations are received primarily from the State of Florida passed through the District pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Section 1002.33(17), Florida Statutes, the School reports the number of full-time equivalent ("FTE") students and related data to the District, whereby the District reports to the Florida Department of Education ("FDOE"). Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the Florida Education Finance Program and the actual weighted FTE students reported by the School during the designated FTE student survey periods.

The School receives federal awards for the enhancement of various educational programs. This assistance is generally based on applications submitted to and approved by various granting agencies. These federal awards may have requirements whereby the issuance of grant funds is withheld until qualifying eligible expenditures are incurred. Revenues for these awards are recognized only to the extent that eligible expenditures have been incurred.

Additionally, other revenues are derived from various fundraising activities, interest on bank accounts, student activities, and other miscellaneous items.

12. Income taxes

The School is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state law.

The School recognizes the financial statement effects from a tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the School and various positions related to the potential sources of unrelated business taxable income. The assessment of the technical merits of a tax position is a matter of judgment. The School believes that all of its tax positions are more likely than not to be sustained upon examination.

The School files Form 990 in the U.S. federal jurisdiction. The School is generally no longer subject to examination by the Internal Revenue Service three years after a return was due or filed.

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Brevard County, Florida)

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

13. Use of estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

14. Fund balance classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the School is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent.

The classifications used in the governmental fund financial statements are as follows:

Nonspendable fund balance - amounts that are not spendable (such as inventory and prepaid expense) or are required to be maintained intact.

Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed fund balance - amounts constrained to specific purposes by the School itself, using its highest level of decision-making authority (i.e., Board of Trustees). To be reported as committed, amounts cannot be used for any other purpose unless the School takes the same highest level of action to remove or change the constraint.

Assigned fund balance - amounts the School intends to use for a specific purpose. Intent can be expressed by the Board of Trustees or by an official or body to which the Board of Trustees delegates the authority.

Unassigned fund balance - amounts that are available for any purpose. No other fund except the General Fund can report positive amounts of unassigned fund balance.

The School would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

Viera Charter School
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NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

15. Impact of recently issued accounting principles

In June 2017, the GASB issued Statement No. 87, *Leases*, which establishes a single model for lease accounting. This statement is effective for the School's June 30, 2022 fiscal year end. Management is currently evaluating the impact of the adoption of this statement on the School's financial statements.

NOTE B - CASH AND CASH EQUIVALENTS

1. Custodial credit risk

Custodial credit risk is the risk that in the event of bank failure, the School's deposits may not be returned to it. The deposits are insured by the FDIC up to \$250,000 per entity. Monies invested in amounts greater than the insurance coverage are secured by the qualified public depositories pledging securities with the State Treasurer in such amounts required by the Florida Security for Public Deposits Act. In the event of a default or insolvency of a qualified public depositor, the State Treasurer will implement procedures for payment of losses according to the validated claims of the School pursuant to Section 280.08, Florida Statutes.

2. Restricted cash

The restricted cash balance pertaining to the bond issuances are held by an institutional trustee in accordance with the terms of the trust indenture. As of June 30, 2020 the balance of the School's restricted cash is \$7,590,123 as seen below:

Project Fund	\$ 2,800,699
Reserve Account	2,075,252
Capitalized Interest Account	1,442,232
Paycheck protection program fund	904,920
Interest Account	176,054
Principal Account	173,080
Capitalized Issuance Account	15,372
Bond Revenue Fund	2,495
Administration Fund	19
	<hr/>
	\$ 7,590,123
	<hr/>

Bond revenue fund - The bond revenue fund is a fund into which pledged revenues are initially placed and from which the funds for all other funds are drawn.

Viera Charter School
(A division of Viera Charter Schools, Inc. and a Component Unit of the School Board of
Brevard County, Florida)

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2020

NOTE B - CASH AND CASH EQUIVALENTS

Interest account - Interest payments paid by the trustee to investors are made on a semi-annual basis but received by the trustee on a monthly basis. The interest account holds those interest payments on behalf of the School until disbursed by the trustee to investors on a semi-annual basis.

Reserve account - The reserve account is a fund in which amounts are placed to be applied to pay debt service if pledged revenues are insufficient to satisfy the debt service requirements.

Capitalized issuance account - The capitalized issuance accounts are accounts under the bond contract in which a portion of the bond proceeds are deposited to pay capitalized interest on the bonds.

PPP loan - The School has \$904,920 of restricted cash related to proceeds received from the PPP loan as of June 30, 2020.

Project fund - The project fund is a fund under the bond contract in which bond proceeds and other available funds are deposited pending disbursement to pay costs of the financed project.

Viera Charter School
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Brevard County, Florida)

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2020

NOTE C - CAPITAL ASSETS

Changes in capital assets activity were as follows:

	Balance at July 1, 2019	Additions	Deletions	Balance at June 30, 2020
Capital assets not being depreciated or amortized				
Construction in progress	\$ 94,417	\$ 8,458,368	\$ -	\$ 8,552,785
Land	2,350,000	1,231,082	-	3,581,082
Total assets not being depreciated or amortized	<u>2,444,417</u>	<u>9,689,450</u>	<u>-</u>	<u>12,133,867</u>
Capital assets depreciated and amortized:				
Buildings and fixed equipment	13,634,790	-		13,634,790
Computer software	5,249	-	-	5,249
Furniture, fixtures and equipment	316,921	61,685	-	378,606
Total assets depreciated and amortized	<u>13,956,960</u>	<u>61,685</u>	<u>-</u>	<u>14,018,645</u>
Less accumulated depreciation and amortization:				
Buildings and fixed equipment	557,264	349,877	-	907,141
Computer software	1,850	1,050	-	2,900
Furniture, fixtures and equipment	229,753	36,532	-	266,285
Total accumulated depreciation and amortization	<u>788,867</u>	<u>387,459</u>	<u>-</u>	<u>1,176,326</u>
Total governmental activities capital assets, net	<u>\$ 15,612,510</u>	<u>\$ 9,363,676</u>	<u>\$ -</u>	<u>\$ 24,976,186</u>

Depreciation and amortization expense of \$37,582 was charged to basic instruction and \$349,877 was charged to facilities.

Viera Charter School
(A division of Viera Charter Schools, Inc. and a Component Unit of the School Board of
Brevard County, Florida)

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2020

NOTE D - LONG-TERM LIABILITIES

Long-term liabilities consisted of the following activity for the year ended June 30, 2020:

	Balance at July 1, 2019	Additions	Reductions	Balance at June 30, 2020	Due within one year
Accrued compensation	\$ 10,200	\$ 49,700	\$ (45,550)	\$ 14,350	\$ 9,250
Series 2017 bond	18,500,000	-	(166,667)	18,333,333	256,667
Series 2017 bond discount	(63,142)	-	1,899	(61,243)	(1,899)
Series 2019 bond	-	14,585,000	-	14,585,000	-
Series 2019 bond premium	-	678,644	(12,371)	666,273	21,207
PPP loan	-	904,920	-	904,920	-
Total long-term liabilities	\$ 18,447,058	\$ 16,218,264	\$ (222,689)	\$ 34,442,633	\$ 285,225

1. Compensated absences

Compensated absences in the governmental activities are classified as non-current liabilities and are typically liquidated by the general fund.

2. Bonds payable

2017 bond issuance

On November 1, 2017, the School entered into a loan agreement with Capital Trust Agency (“CTA”) to borrow funds in order to acquire the land and educational facilities utilized by the School. CTA authorized the issuance of its educational facilities revenue bonds (Series 2017A and Taxable Series 2017B) in the aggregate principal amount of \$18,500,000. CTA agreed to loan to the School the proceeds received by CTA from the sale of the Series 2017 bonds. The proceeds are to be deposited with the trustee and applied as provided by the indenture. An amount necessary from the gross revenues are to be transferred from the school revenue fund on a monthly basis to pay the loan repayments on or before the tenth day of each month starting December 10, 2017.

The interest rate varies between 4.0% and 5.5% over the duration of the loan and interest payments are due each October 15 and April 15, commencing on April 15, 2018. Principal payment dates occur on each October 15 of each year commencing on October 15, 2020. As a part of the loan agreement, the School must have a long term debt service coverage ratio of at least 1.10 to 1.00. For the fiscal year ended June 30, 2020, the School’s long term debt service coverage ratio was 1.44. Until the Series 2017 bonds are no longer outstanding, the School agrees to have cash on hand on each June 30 (the “Testing Date”) in an amount not less than 60 days cash on hand as of the Testing Date. For the fiscal year ended June 30, 2020, the School’s days cash on hand was 157.

Viera Charter School
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NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2020

NOTE D - LONG-TERM LIABILITIES

2. Bonds Payable (continued)

The following is a schedule of future minimum payments for the Series 2017A and Taxable Series 2017B bonds for the years ending June 30,

	Principal	Interest	Total
2021	\$ 256,667	\$ 892,558	\$ 1,149,225
2022	266,667	880,442	1,147,109
2023	280,000	867,850	1,147,850
2024	291,667	856,000	1,147,667
2025	301,667	844,333	1,146,000
2026-2030	1,706,666	4,030,333	5,736,999
2031-2035	2,136,666	3,604,000	5,740,666
2036-2040	2,720,000	3,014,833	5,734,833
2041-2045	3,475,000	2,262,583	5,737,583
2046-2050	4,433,333	1,303,000	5,736,333
2051-2053	2,465,000	213,583	2,678,583
	\$ 18,333,333	\$ 18,769,515	\$ 37,102,848

2019 bond issuance

On November 1, 2019, the loan agreement between the School and CTA was amended and supplemented in order for CTA to make an additional loan to the School in the amounts of \$14,340,000 (Series 2019A) and \$245,000 (Series 2019B). CTA issued its Series 2019 bonds and loaned the proceeds to the School for the expansion of its facilities. The proceeds are to be deposited with the trustee and applied as provided by the indenture. The interest rate varies between 4.0% and 5.5% over the duration of the loan. As a part of the amendment, the School agrees to have cash on hand on each Testing Date in an amount not less than 60 days cash on hand as of the Testing Date. For the fiscal year ended June 30, 2020, the School's days cash on hand was 157.

Viera Charter School
(A division of Viera Charter Schools, Inc. and a Component Unit of the School Board of Brevard County, Florida)

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2020

NOTE D - LONG-TERM LIABILITIES (continued)

2. Bonds Payable (continued)

The following is a schedule of future minimum payments for the Series 2019A and Taxable Series 2019B bonds for the years ending June 30,

	Principal	Interest	Total
2021	\$ -	\$ 717,025	\$ 717,025
2022	-	717,025	717,025
2023	116,667	717,025	833,692
2024	205,833	711,308	917,141
2025	215,833	701,231	917,064
2026-2030	1,209,167	3,366,417	4,575,584
2031-2035	1,523,750	3,064,583	4,588,333
2036-2040	1,960,417	2,642,188	4,602,605
2041-2045	2,517,917	2,098,937	4,616,854
2046-2050	3,228,333	1,402,063	4,630,396
2051-2053	3,607,083	507,458	4,114,541
	\$ 14,585,000	\$ 16,645,260	\$ 31,230,260

3. PPP Loan

On June 1, 2020, the School received loan proceeds in the amount of \$904,920 under the PPP. The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after twenty-four weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the twenty-four-week period.

The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. The School intends to use the proceeds for purposes consistent with the PPP. The School currently believes that its use of the loan proceeds will meet the conditions for forgiveness of the loan.

Viera Charter School
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NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2020

NOTE E - CONCENTRATIONS

Revenue sources

As stated in Note A-12, the School receives revenues for current operations primarily from the State of Florida through the District. The following is a schedule of revenue sources and amounts:

Sources	Amounts
School Board of Brevard County, Florida	
Base funding	\$ 4,667,747
Class size reduction	1,176,915
ESE guaranteed allocation	223,557
Discretionary millage	446,872
Supplemental academic instruction	288,825
Reading allocation	43,757
Funding compression allocation	27,474
Transportation	127,088
Discretionary compression	112,419
Instructional materials allocation	73,907
Safe schools	64,226
Best and brightest	102,016
Mental health allocation	26,663
Library media allocation	4,731
Discretionary lottery	1,011
Digital classroom allocation	4,294
Florida teachers lead	19,136
Proration Allocation	(13,972)
Capital outlay	530,612
School recognition	105,392
Total State passed through School Board of Brevard County, Florida	8,032,670
Charges for services	21,226
Operating grants and contributions	109,138
Other revenues	378,165
Total revenues	\$ 8,541,199

Viera Charter School
(A division of Viera Charter Schools, Inc. and a Component Unit of the School Board of
Brevard County, Florida)

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2020

NOTE F - COMMITMENTS AND CONTINGENCIES

1. Management service contract

The School entered into a service agreement, commencing on October 17, 2012, with Charter School Associates, Inc. (the “management company”). The management company provides management and oversight, contracted finance/accounting, contracted HR/payroll, and development services to the School. Current year management fees charged to operations totaled \$282,595 for management and oversight, \$193,183 for contracted finance/accounting, and \$118,011 for HR/payroll. The fees for the management and oversight, contracted finance/accounting, and contracted HR/payroll are based on 4%, 2.75% and 2.25%, respectively, of FEFP revenue received from the District and does not contain a clause for specific benchmarks.

2. Operating leases

The School has entered into various leases for equipment and storage space, these leases have terms ending throughout 2023. All non-cancellable leases have been determined to be operating leases. The lease expense for the year ended June 30, 2020 was \$52,391.

The following is a schedule of all future minimum lease payments for the years ending June 30:

2021	\$	54,434
2022		46,039
2023		<u>6,387</u>
Total	\$	<u><u>106,860</u></u>

3. Legal

The School may be involved in legal actions arising from the normal course of activities and is also subject to periodic audits and inquiries by various regulatory agencies. Management is not aware of any pending or threatened litigation, claims or unasserted claims or assessments that may have a material effect on the School’s financial statements.

4. COVID-19

As a result of the spread of COVID-19, economic uncertainties have arisen which are affecting large segments of the economy, including non-profits. Management is not able to assess what the long-term effects of these uncertainties will be, but the School has taken steps to continuously monitor grant revenue, operations, liquidity, and employee welfare to adjust operations as necessary.

Viera Charter School
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Brevard County, Florida)

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2020

NOTE G - RISK MANAGEMENT

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the School carries commercial insurance. Under the property insurance policy, the School's liability is \$5,000 deductible per incident. There have been no significant reductions in insurance coverage during fiscal year 2020. Settled claims resulting from the risks described above have not exceeded the insurance coverage for the previous year.

NOTE H - SUBSEQUENT EVENTS

The School has evaluated subsequent events through September 30, 2020 the date which the financial statements were available for issuance, and has determined that no additional material events occurred that would require additional disclosures in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

Viera Charter School
(A division of Viera Charter Schools, Inc. and a Component Unit of the School Board of Brevard County, Florida)

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL FUND**

For the year ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
State passed through school district	\$ 7,651,608	\$ 7,502,058	\$ 7,502,058	\$ -
Federal through state	53,915	53,371	53,371	-
Other fees	37,790	21,226	21,226	-
Miscellaneous	299,790	305,177	305,177	-
Total revenues	8,043,103	7,881,832	7,881,832	-
Expenditures				
Current:				
Basic instruction	3,796,308	4,288,923	4,288,923	-
Exceptional instruction	126,824	105,591	105,591	-
Guidance services	120,300	72,473	72,473	-
Health services	3,884	8,377	8,377	-
Media services	4,666	-	-	-
Instruction and curriculum development services	117,917	153,937	153,937	-
Instructional staff training services	8,022	10,561	10,561	-
Instruction related technology	191,170	134,845	134,845	-
Board	46,018	89,203	89,203	-
General administration	248,577	318,524	318,524	-
School administration	535,597	636,618	636,618	-
Fiscal services	376,590	312,583	312,583	-
Student transportation services	320,196	261,475	261,475	-
Facilities	37,790	750	750	-
Central services	3,019	3,625	3,625	-
Operation of plant	602,885	609,332	609,332	-
Maintenance of plant	94,086	81,684	81,684	-
Capital outlay	189,022	61,685	61,685	-
Total expenditures	6,822,871	7,150,186	7,150,186	-
Excess of revenues over expenditures	1,220,232	731,646	731,646	-
Other financing sources and uses:				
Transfers in	-	674,646	674,646	-
Transfers out	(536,500)	(980,961)	(980,961)	-
Net change in fund balance	683,732	425,331	425,331	-
Fund balance at the beginning of the year	3,493,007	3,493,007	3,493,007	-
Fund balance at the end of the year	\$ 4,176,739	\$ 3,918,338	\$ 3,918,338	\$ -

See accompanying note to the required supplementary information.

Viera Charter School
(A division of Viera Charter Schools, Inc. and a Component Unit of the School Board of
Brevard County, Florida)

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

Year Ended June 30, 2020

NOTE A - BUDGETARY BASIS OF ACCOUNTING

The School's annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual budgets are adopted for the general fund may be amended by the Board of Trustees (the "Board"). The budgets presented for the fiscal year ended June 30, 2020, have been amended according to Board procedures.

Budgets are presented on the modified accrual basis of accounting. The legal level of budgetary control is the fund level.

COMPLIANCE INFORMATION

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

To the Board of Trustees
Viera Charter Schools, Inc.
Viera, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Viera Charter School (the "School"), a division of Viera Charter Schools, Inc. (the "Charterholder"), a component unit of the School Board of Brevard County, Florida (the "District"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School's basic financial statements and have issued our report thereon dated September 30, 2020.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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 grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

September 30, 2020
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP

MANAGEMENT LETTER

To the Board of Trustees
Viera Charter Schools, Inc.
Viera, Florida

Report on the Financial Statements

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

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in this report, which is dated September 30, 2020, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title

Section 10.854(1)(e)5., Rules of the Auditor General, requires that the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title of the entity is Viera Charter School, a division of Viera Charter Schools, Inc., a not-for-profit corporation and the school code is 6540.

Financial Condition and Management

Sections 10.854(1)(e)2. and 10.855(11), Rules of the Auditor General, require us to apply appropriate procedures and communicate whether or not the School has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that Viera 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 the School. It is management's responsibility to monitor the School's financial condition, and our financial condition assessment was based in part on representations made by management and review of financial information provided by same.

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

Transparency

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

Additional Matters

Section 10.854(1)(e)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 District, 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.

September 30, 2020
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP