

**ALEE ACADEMY, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA**

**FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITOR'S REPORTS THEREON**

JUNE 30, 2021



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MANAGEMENT'S DISCUSSION AND ANALYSIS

The discussion and analysis of Alee Academy, Inc.'s (the "School") financial performance provides an overall review of the School's financial activities for the fiscal year ended June 30, 2021. The intent of this discussion and analysis is to look at the School's financial performance as a whole. Readers should also review the basic financial statements and the notes to financial statements to enhance their understanding of the School's financial performance.

FINANCIAL HIGHLIGHTS

- The School's total net position increased compared to the prior year.
- For the fiscal year ended June 30, 2021, the School's revenues exceeded expenses by \$26,740. This is an improvement from the prior year, when expenses exceeded revenues by \$160,175.
- Overall, revenues increased by approximately \$113,000, which was a 7% increase from the prior year.
- Overall, expenses decreased by approximately \$74,000, which was a 4% decrease from the prior year.
- Total assets were \$1,339,751 and total liabilities were \$213,668, resulting in net position of \$1,126,083 as of June 30, 2021.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – management's discussion and analysis (this section), the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of the School:

- The first two statements are *government-wide financial statements* that provide both long-term and short-term information about the School's overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the School, reporting the School's operations in more detail than the government-wide statements.
 - The *governmental funds* financial statements tell how general school services were financed in the short term, as well as what remains for future spending.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements.

This document also includes the 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*, as well as the management letter required by the Rules of the Auditor General, Chapter 10.850.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(continued)**

The following table summarizes the major features of the School's financial statements, including the portion of the School they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

	Government-wide Statements	Fund Statements
		Governmental Funds
Scope	Entire School	The activities of the School that are not proprietary or fiduciary
Required financial statements	Statement of net position Statement of activities	Balance sheet – governmental funds Statement of revenues, expenditures and changes in fund balances – governmental funds
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
Type of asset/liability information	All assets, deferred outflows of resources, liabilities and deferred inflows of resources, both financial and capital, and short-term and long-term	Only assets/deferred outflows of resources expected to be used up and liabilities/deferred inflows of resources that come due during the year or soon thereafter; no capital assets included
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Government-wide Financial Statements

The government-wide financial statements report information about the School as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the School's assets, deferred outflows of resources, liabilities and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities, regardless of when cash is received or paid.

The two government-wide financial statements report the School's net position and how it has changed. Net position – the difference between the School's assets and deferred outflows of resources, and its liabilities and deferred inflows of resources – is one way to measure the School's financial condition. Over time, increases or decreases in the School's net position are an indicator of whether its financial condition is improving or deteriorating, respectively. To assess the overall health of the School, one needs to consider additional nonfinancial factors such as changes in the School's student base, the quality of the education and the safety of the School.

The government-wide financial statements of the School are generally divided into three categories:

Governmental Activities – Most of the School's basic services are included here, such as instruction and school administration. Funds received through the Florida Education Finance Program ("FEFP") and state and federal grants finance most of these activities.

Business-type Activities – In certain instances, the School may charge fees to help it cover the costs of certain services it provides. The School currently has no business-type activities.

Component Units – There currently are no component units included within the reporting entity of the School.

Fund Financial Statements

The fund financial statements provide more detailed information about the School's most significant funds, not the School as a whole. A fund is a self-balancing set of accounts which the School uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by state law, and the School may establish other funds to control and manage money for particular purposes, such as for federal grants.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(continued)**

The School has one type of fund:

Governmental Funds – Most of the School's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the School's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information on the subsequent page that explains the differences between them.

FINANCIAL ANALYSIS OF THE SCHOOL AS A WHOLE

Net Position

The School's combined net position as of June 30, 2021 and 2020 is summarized as follows – see table below.

	<u>Governmental Activities</u>		<u>Increase (Decrease)</u>
	<u>2021</u>	<u>2020</u>	
Current and other assets	\$ 134,822	\$ 113,809	18%
Capital assets, net	1,204,929	1,283,161	-6%
Total assets	<u>1,339,751</u>	<u>1,396,970</u>	<u>-4%</u>
Current and other liabilities	2,060	1,773	16%
Long-term liabilities	211,608	295,854	-28%
Total liabilities	<u>213,668</u>	<u>297,627</u>	<u>-28%</u>
Net position:			
Net investment in capital assets	993,321	987,307	1%
Restricted	-	99	-100%
Unrestricted	132,762	111,937	19%
Total net position	<u>\$ 1,126,083</u>	<u>\$ 1,099,343</u>	<u>2%</u>

Capital assets, net decreased due to current year depreciation expense in excess of capital asset additions. Long-term liabilities decreased due to current year principal payments on the notes payable. Current and other assets and total net position changed due to the School's current year operating surplus and the activity noted above.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(continued)**

Change in Net Position

The School's total revenues increased by 7% to \$1,667,798, and the total cost of all programs and services decreased by 4% to \$1,641,058 – see table below.

	Governmental Activities		Increase (Decrease)
	2021	2020	
Revenues:			
Federal sources passed through local school district	\$ 199,930	\$ 54,808	265%
State and local sources	1,460,429	1,479,616	-1%
Contributions and other revenue	7,439	20,561	-64%
Total revenues	<u>1,667,798</u>	<u>1,554,985</u>	<u>7%</u>
Expenses:			
Instruction and instruction-related services	828,030	879,899	-6%
Board	30,275	14,500	109%
General administration	65,629	68,815	-5%
School administration	396,867	417,681	-5%
Fiscal services	13,500	13,200	2%
Student transportation services	75,097	89,226	-16%
Operation and maintenance of plant	217,253	212,724	2%
Interest	14,407	19,115	-25%
Total expenses	<u>1,641,058</u>	<u>1,715,160</u>	<u>-4%</u>
Change in net position	<u>\$ 26,740</u>	<u>\$ (160,175)</u>	<u>117%</u>

Federal sources passed through local school district changed due to the School receiving funding in the current year to help pay costs associated with the coronavirus pandemic.

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

As the School completed the year, its governmental fund reported a fund balance of \$132,762. Overall, revenues and expenditures changed for the same reasons described above.

General Fund Budgetary Highlights

Over the course of the year, the School revised its operating budget to account for changes in certain planned revenues and expenditures.

For the year ended June 30, 2021, actual revenues were approximately \$162,000 above the final budget, which represents a 13% budget variance. The variance was due to an increased allocation from the school board based on student enrollment received in the current year.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(continued)**

Actual expenditures were approximately \$170,000 above the final budgeted expenditures, which represents a 14% budget variance. The variance was primarily due to an increased allocation of expenditures related to the operation of plant budget. In addition, the 5% administrative fee paid to the School Board, as well as capital outlay expenditures, are not typically budgeted.

Special Revenue Fund Budgetary Highlights

For 2021, actual special revenue fund revenues and expenditures were approximately \$36,000 above the final budget, which represents a 22% budget variance. This variance is the net effect of the school receiving and expending approximately \$82,000 in additional charter CSP funding, offset with \$46,000 less in Title I, IDEA, and ESSER funding than the School budgeted.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The School's investment in capital assets at the end of fiscal 2021 amounts to \$1,204,929 (net of accumulated depreciation). See table below:

	Governmental Activities		Increase (Decrease)
	2021	2020	
Land	\$ 305,395	\$ 305,395	0%
Buildings and improvements	1,663,571	1,655,971	0%
Land improvements	46,166	46,166	0%
Furniture, fixtures and equipment	476,646	410,763	16%
Motor vehicles	434,274	434,274	0%
Less accumulated depreciation	<u>(1,721,123)</u>	<u>(1,569,408)</u>	<u>-10%</u>
Total capital assets, net	<u>\$ 1,204,929</u>	<u>\$ 1,283,161</u>	<u>-6%</u>

The School purchased laptop computers and charging carts in the current year. There were no capital asset disposals during the current year. More detailed information about the School's capital assets is presented in Note 2 to the financial statements.

Long-term Debt

As of June 30, 2021, the School had a \$211,608 balance outstanding on vehicle notes payable, which is a 28% decrease from the prior year. This decrease is due to principal payments in the current year. More detailed information about the School's long-term liabilities is presented in Note 4 to the financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The following economic indicators were taken into account when adopting the general fund budget for fiscal year 2022:

- Decrease in student population
- Decrease in state and local revenues

Amounts available for appropriation in the general fund are approximately \$1,245,000, a decrease of 9% from the 2021 actual of \$1,372,789. Budgeted expenditures are expected to decrease 9% to approximately \$1,234,000 from the 2021 actual of \$1,352,063. These decreases are primarily due to the decrease in student population. The School has added no major new programs to the fiscal 2022 budget.

If these estimates are realized, the School's general fund balance is expected to increase by the close of fiscal 2022.

CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT

This financial report is designed to provide interested parties with a general overview of the School's finances and to demonstrate the School's accountability for the money it receives. Should additional information be required, please contact the School's administrative offices at 1705 East County Road 44A, Eustis, Florida 32726.

INDEPENDENT AUDITOR'S REPORT ON BASIC FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

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

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities and each major fund of Alee Academy, Inc. (the "School"), a charter school and component unit of the District School Board of Lake County, Florida, as of and for the year ended June 30, 2021, 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 Alee Academy, Inc. as of June 30, 2021, and the respective changes in financial position thereof 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 1 – 7 and the budgetary comparison information on pages 25 – 26 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, 2021 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.



Winter Park, Florida
September 30, 2021

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

STATEMENT OF NET POSITION

JUNE 30, 2021

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 134,822
Capital assets, net	1,204,929
Total assets	\$ 1,339,751
LIABILITIES	
Accrued expenses	\$ 2,060
Long-term liabilities:	
Due within one year	89,074
Due in more than one year	122,534
Total liabilities	213,668
NET POSITION	
Net investment in capital assets	993,321
Unrestricted	132,762
Total net position	1,126,083
Total liabilities and net position	\$ 1,339,751

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

**ALEE ACADEMY, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA**

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2021

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Total</u>
Governmental activities:						
Instruction and instruction-related services	\$ 828,030	\$ -	\$ 196,118	\$ -	\$ (631,912)	\$ (631,912)
Board	30,275	-	-	-	(30,275)	(30,275)
General administration	65,629	-	-	-	(65,629)	(65,629)
School administration	396,867	-	-	-	(396,867)	(396,867)
Fiscal services	13,500	-	-	-	(13,500)	(13,500)
Student transportation services	75,097	-	-	-	(75,097)	(75,097)
Operation and maintenance of plant	217,253	-	3,812	-	(213,441)	(213,441)
Interest	14,407	-	-	-	(14,407)	(14,407)
Total primary government	<u>\$ 1,641,058</u>	<u>\$ -</u>	<u>\$ 199,930</u>	<u>\$ -</u>	<u>(1,441,128)</u>	<u>(1,441,128)</u>
General revenues:						
State and local sources					1,460,429	1,460,429
Contributions and other revenue					7,439	7,439
Total general revenues					<u>1,467,868</u>	<u>1,467,868</u>
Change in net position					26,740	26,740
Net position at beginning of year					<u>1,099,343</u>	<u>1,099,343</u>
Net position at end of year					<u>\$ 1,126,083</u>	<u>\$ 1,126,083</u>

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

**ALEE ACADEMY, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA**

BALANCE SHEET - GOVERNMENTAL FUND

JUNE 30, 2021

	General Fund
ASSETS	
Cash and cash equivalents	\$ 134,822
Total assets	<u>\$ 134,822</u>
LIABILITIES	
Accrued expenditures	\$ 2,060
Total liabilities	<u>2,060</u>
FUND BALANCE	
Fund balance:	
Unassigned	<u>132,762</u>
Total fund balance	<u>132,762</u>
Total liabilities and fund balance	<u>\$ 134,822</u>

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

**ALEE ACADEMY, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA**

**RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION**

JUNE 30, 2021

Total fund balance - governmental fund	\$	132,762
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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 as assets in the governmental fund. The cost of the assets is \$2,926,052 and the accumulated depreciation is \$1,721,123.		1,204,929
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Long-term debt is not due and payable in the current period and, therefore, is not reported as a liability in the governmental fund. Long-term debt at year-end consists of:

Notes payable		(211,608)
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Total net position - governmental activities	\$	1,126,083
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The accompanying notes to financial statements are an integral part of this statement.

**ALEE ACADEMY, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA**

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

FOR THE YEAR ENDED JUNE 30, 2021

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Federal sources passed through local school district	\$ -	\$ 199,930	\$ -	\$ 199,930
State and local sources	1,365,350	-	95,079	1,460,429
Contributions and other revenue	7,439	-	-	7,439
Total revenues	<u>1,372,789</u>	<u>199,930</u>	<u>95,079</u>	<u>1,667,798</u>
EXPENDITURES				
Current:				
Instruction and instruction-related services	545,387	196,118	-	741,505
Board	30,275	-	-	30,275
General administration	65,629	-	-	65,629
School administration	351,015	-	-	351,015
Fiscal services	13,500	-	-	13,500
Student transportation services	62,899	-	-	62,899
Operation and maintenance of plant	111,222	3,812	95,079	210,113
Debt service:				
Principal	84,246	-	-	84,246
Interest	14,407	-	-	14,407
Capital outlay	73,483	-	-	73,483
Total expenditures	<u>1,352,063</u>	<u>199,930</u>	<u>95,079</u>	<u>1,647,072</u>
Net changes in fund balances	20,726	-	-	20,726
Fund balances at beginning of year	112,036	-	-	112,036
Fund balances at end of year	<u>\$ 132,762</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 132,762</u>

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

**ALEE ACADEMY, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**

FOR THE YEAR ENDED JUNE 30, 2021

Net changes in fund balances - total governmental funds	\$ 20,726
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense (\$151,715) exceeds capital outlays (\$73,483) in the current period.	(78,232)
Principal payments on long-term debt are expenditures in the governmental funds, but the repayments reduce long-term liabilities in the statement of net position.	<u>84,246</u>
Change in net position of governmental activities	<u><u>\$ 26,740</u></u>

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

**ALEE ACADEMY, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Alee Academy, Inc. (the "School") is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act and Section 1002.33, Florida Statutes. The governing body of the School is the not-for-profit corporation Board of Directors, which is composed of six members.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, the District School Board of Lake County, Florida (the "School Board"). The current charter is effective until June 30, 2022 and may be renewed thereafter 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 this case, the School Board 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 School Board may also terminate the charter if good cause is shown. In the event of termination of the charter, any property purchased by the School with public funds and any unencumbered public funds, except capital outlay funds, revert back to the School Board. Any unencumbered capital outlay funds revert back to the Florida Department of Education ("FDOE") to be redistributed among eligible charter schools. The School is considered a component unit of the School Board and meets the definition of a governmental entity under the Governmental Accounting Standards Board ("GASB") accounting guidance; therefore, for financial reporting purposes, the School is required to follow generally accepted accounting principles applicable to state and local governmental units.

Criteria for determining if other entities are potential component units of the School which should be reported with the School's basic financial statements are identified and described in the GASB's *Codification of Governmental Accounting and Financial Reporting Standards*. The application of these criteria provides for identification of any entities for which the School is financially accountable and other organizations for which the nature and significance of their relationship with the School are such that exclusion would cause the School's basic financial statements to be misleading or incomplete. Based on these criteria, no component units are included within the reporting entity of the School.

Basis of Presentation

The School's basic financial statements have been prepared in accordance with generally accepted accounting principles as prescribed by GASB. Accordingly, both government-wide and fund financial statements are presented.

**ALEE ACADEMY, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS
(continued)**

The government-wide financial statements report information about the School as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the School's assets, deferred outflows of resources, liabilities and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The government-wide financial statements of the School are generally divided into three categories:

Governmental Activities – Most of the School's basic services are included here, such as instruction and school administration. Funds received through the Florida Education Finance Program ("FEFP") and state and federal grants finance most of these activities.

Business-type Activities – In certain instances, the School may charge fees to help it cover the costs of certain services it provides. The School currently has no business-type activities.

Component Units – There currently are no component units included within the reporting entity of the School.

The fund financial statements provide more detailed information about the School's most significant funds, not the School as a whole. A fund is an accounting entity having a self-balancing set of accounts for recording assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance, revenues, expenditures, and other financing sources and uses. Resources are allocated to and accounted for in individual funds based on the purposes for which they are to be spent and the means by which spending activities are controlled. The funds in the financial statements of this report are as follows:

Governmental Funds:

General Fund – To account for all financial resources not required to be accounted for in another fund.

Special Revenue Fund – To account for the proceeds of specific revenue sources and grants that are restricted by law or administrative action to expenditure for specific purposes and to provide a single source of accountability for all funds received.

Capital Projects Fund – To account for all resources for the acquisition of capital items by the School purchased with capital outlay funds.

For purposes of these statements, the general, special revenue, and capital projects funds constitute major funds. There are no other governmental funds.

**ALEE ACADEMY, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS
(continued)**

Basis of Accounting

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

The government-wide financial statements are presented using the accrual basis of accounting and an economic resources focus. Under the accrual basis of accounting, revenues and expenses are recognized when they occur.

The modified accrual basis of accounting and current financial resources focus is followed by the governmental funds. Under the modified accrual basis, revenues are recognized when they become measurable and available. Available means collectible within the current year or soon enough thereafter to pay current liabilities. The School considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Under the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred. The principal exceptions to this general rule are: (1) interest on general long-term debt is recognized when due and (2) expenditures related to liabilities reported as general long-term debt are recognized when due.

Budgetary Basis of Accounting

Budgets are presented on the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the fund level.

Cash and Cash Equivalents

Investments with an original maturity of three months or less at the time they are purchased are considered to be cash equivalents. Cash deposits are held by banks qualified as public depositories under Florida law. All deposits are insured by federal depository insurance and collateralized with securities held in Florida's multiple financial institution collateral pool under Chapter 280, Florida Statutes.

Capital Assets and Depreciation

Expenditures for capital assets acquired for general School purposes are reported in the governmental fund that financed the acquisition. Purchased capital assets are reported at cost, net of accumulated depreciation, in the government-wide financial statements. Donated assets are recorded at fair value at the date of donation.

**ALEE ACADEMY, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS
(continued)**

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range as follows:

	<u>Years</u>
Buildings and improvements	15 - 39
Land improvements	7 - 39
Furniture, fixtures and equipment	5 - 15
Motor vehicles	5

Information relative to changes in capital assets is described in Note 2.

Long-term Liabilities

Long-term obligations that will be financed by resources to be received in the future by the governmental funds are reported in the government-wide financial statements, not in the governmental funds. Information relative to changes in long-term liabilities is described in Note 4.

Fund Balance Spending Policy

The School's adopted spending policy is to spend from the restricted fund balance first, followed by committed, assigned, then the unassigned fund balance. Most funds were designated for one purpose at the time of their creation. Therefore, expenditures made out of the fund will be allocated to the applicable fund balance classifications in the order of the aforementioned spending policy. If expenditures are incurred that meet the purpose of more than one fund, they will be allocated to the restricted fund balance first and then follow the order above. Funds can only be committed by formal action of the Board of Directors. The Board of Directors has delegated authority to assign funds to the Principal up to the amount of \$50,000. The minimum fund balance requirement for the School's funds is five percent of the annual revenue.

Revenue Sources

Revenues for current operations are received primarily from the School Board pursuant to the funding provisions included in the School's charter. As such, the School's revenue stream is largely dependent upon the general state of the economy and the amounts allotted to the FDOE by the state legislature. In accordance with the funding provisions of the charter and Section 1002.33(18), Florida Statutes, the School reports the number of full-time equivalent students and related data to the School Board.

Under the provisions of Section 1011.62, Florida Statutes, the School Board reports the number of full-time equivalent students and related data to the FDOE for funding through the FEFP. Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the FEFP and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey periods. The School Board receives a 5% administrative fee from the School, which is reflected as a general administration expense/expenditure in the accompanying financial statements. This administrative fee is calculated on the FEFP revenue up to 250 students.

**ALEE ACADEMY, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS
(continued)**

The School receives federal awards for the enhancement of various educational programs. This assistance is generally received based on applications submitted to and approved by various granting agencies. For federal awards in which a claim to these grant proceeds is based on incurring eligible expenditures, revenue is recognized to the extent that eligible expenditures have been incurred.

The School is also eligible for charter school capital outlay funding. The amounts received under this program are based on the School's actual and projected student enrollment during the fiscal year. Funds received under this program may only be used for lawful capital outlay expenditures and, as such, any unexpended amounts are reflected as restricted net position and restricted fund balance in the accompanying financial statements.

Income Taxes

The School is an organization exempt from income taxation under Section 501(a) as an entity described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. Accordingly, no provision for federal income taxes is included in the accompanying financial statements.

Use of Estimates

In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources as of the date of the statement of net position and the balance sheet – governmental fund and affect revenues and expenses/expenditures for the period presented. Actual results could differ significantly from those estimates.

Subsequent Events

The School has evaluated subsequent events through September 30, 2021, the date these financial statements were available to be issued.

**ALEE ACADEMY, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS
(continued)**

2 CHANGES IN CAPITAL ASSETS

Capital asset activity during 2021 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 305,395	\$ -	\$ -	\$ 305,395
Total capital assets not being depreciated	<u>305,395</u>	<u>-</u>	<u>-</u>	<u>305,395</u>
Depreciable capital assets:				
Buildings and improvements	1,655,971	7,600	-	1,663,571
Land improvements	46,166	-	-	46,166
Furniture, fixtures and equipment	410,763	65,883	-	476,646
Motor vehicles	434,274	-	-	434,274
Total depreciable capital assets	<u>2,547,174</u>	<u>73,483</u>	<u>-</u>	<u>2,620,657</u>
Less accumulated depreciation for:				
Buildings and improvements	(952,236)	(43,678)	-	(995,914)
Land improvements	(37,472)	(2,209)	-	(39,681)
Furniture, fixtures and equipment	(410,763)	(19,889)	-	(430,652)
Motor vehicles	(168,937)	(85,939)	-	(254,876)
Total accumulated depreciation	<u>(1,569,408)</u>	<u>(151,715)</u>	<u>-</u>	<u>(1,721,123)</u>
Total depreciable capital assets, net	<u>977,766</u>	<u>(78,232)</u>	<u>-</u>	<u>899,534</u>
Governmental activities capital assets, net	<u>\$1,283,161</u>	<u>\$ (78,232)</u>	<u>\$ -</u>	<u>\$1,204,929</u>

Depreciation expense was charged to functions as follows:

Governmental activities:	
Instruction and instruction-related services	\$ 86,525
School administration	45,852
Student transportation services	12,198
Operation and maintenance of plant	<u>7,140</u>
Total governmental activities depreciation expense	<u>\$ 151,715</u>

**ALEE ACADEMY, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS
(continued)**

3 COMMITMENTS AND CONTINGENT LIABILITIES

Grants

The School participates in state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the School has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivable as of June 30, 2021 may be impaired. In the opinion of the School, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

Legal Matters

In the normal course of conducting its operations, the School occasionally becomes party to various legal actions and proceedings. In the opinion of management, the ultimate resolution of such legal matters will not have a significant adverse effect on the accompanying financial statements

Risk Management Program

Workers' compensation coverage, health and hospitalization, general liability, professional liability and property coverages are being provided through purchased commercial insurance with minimum deductibles for each line of coverage. Settled claims resulting from these risks have not historically exceeded commercial coverage.

Salary Savings Plan

The School has adopted a SIMPLE IRA retirement program (the "Plan"), which covers all full time employees upon employment. Eligible employees may elect to contribute a portion of their earnings to the Plan. The School makes contributions to the Plan by matching 100% of employee contributions up to 3% of compensation. Employer contributions during fiscal 2021 totaled approximately \$5,400.

Uncertainty

The extent of the impact and effects of the outbreak of the coronavirus on the School's operations will depend on future developments, including the duration and spread of the outbreak, related travel advisories and restrictions, changes in enrollment and the impact on governmental funding, all of which are highly uncertain and cannot be predicted. While the School's operations have not been significantly impacted due to the virus to date, if the virus causes significant negative impacts to economic conditions, the School's operations may be adversely affected.

**ALEE ACADEMY, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS
(continued)**

4 LONG-TERM LIABILITIES

Long-term liabilities activity during 2021 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Notes payable	\$ 295,854	\$ -	\$ (84,246)	\$ 211,608	\$ 89,074
Governmental activities, long-term liabilities	<u>\$ 295,854</u>	<u>\$ -</u>	<u>\$ (84,246)</u>	<u>\$ 211,608</u>	<u>\$ 89,074</u>

Notes Payable

Notes payable consisted of the following balances as of June 30, 2021:

Note payable to a finance company. Principal and interest payments of \$4,134 are due monthly at an interest rate of 5.6%. Matures in August 2023. Note is secured by certain of the School's motor vehicles.	\$ 100,984
Note payable to a finance company. Principal and interest payments of \$4,088 are due monthly at an interest rate of 5.6%. Matures in November 2023. Note is secured by certain of the School's motor vehicles.	<u>110,624</u>
Total notes payable	211,608
Less amount due or payable within one year	<u>(89,074)</u>
Amount due or payable after one year	<u>\$ 122,534</u>

Future debt service requirements related to notes payable are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 89,074	\$ 9,581	\$ 98,655
2023	94,188	4,467	98,655
2024	<u>28,346</u>	<u>340</u>	<u>28,686</u>
	<u>\$ 211,608</u>	<u>\$ 14,388</u>	<u>\$ 225,996</u>

**ALEE ACADEMY, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS
(continued)**

5 SCHEDULE OF STATE AND LOCAL REVENUE SOURCES

The following is a schedule of state and local revenue sources and amounts:

District School Board of Lake County, Florida:	
Florida Education Finance Program	\$ 817,679
Class size reduction	169,283
Capital outlay	95,079
Discretionary local effort	82,448
Student transportation	64,800
Additional millage	52,764
Supplemental academic instruction	44,284
Teacher salary increase allocation	30,828
ESE guaranteed allocation	26,568
Discretionary millage	26,217
Instructional materials	15,083
Safe schools	11,965
Compression allocation	8,104
Reading allocation	7,948
Mental health assistance	6,880
Digital classrooms allocation	<u>499</u>
Total	<u>\$ 1,460,429</u>

The administrative fee paid to the School Board during 2021 totaled approximately \$66,000, which is reflected as a general administration expense/expenditure in the accompanying financial statements.

**ALEE ACADEMY, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA**

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual (Budgetary Basis)</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
State and local sources	\$ 1,232,823	\$ 1,211,159	\$ 1,365,350	\$ 154,191
Contributions and other revenue	-	-	7,439	7,439
Total revenues	<u>1,232,823</u>	<u>1,211,159</u>	<u>1,372,789</u>	<u>161,630</u>
EXPENDITURES				
Current:				
Instruction and instruction-related services	551,920	587,498	545,387	42,111
Board	20,500	20,500	30,275	(9,775)
General administration	-	-	65,629	(65,629)
School administration	346,084	346,062	351,015	(4,953)
Fiscal services	13,500	13,500	13,500	-
Student transportation services	79,158	78,559	62,899	15,660
Operation and maintenance of plant	47,079	37,659	111,222	(73,563)
Debt service:				
Principal	98,655	98,655	84,246	14,409
Interest	-	-	14,407	(14,407)
Capital outlay	-	-	73,483	(73,483)
Total expenditures	<u>1,156,896</u>	<u>1,182,433</u>	<u>1,352,063</u>	<u>(169,630)</u>
Net change in fund balance	75,927	28,726	20,726	(8,000)
Fund balance at beginning of year	<u>112,036</u>	<u>112,036</u>	<u>112,036</u>	<u>-</u>
Fund balance at end of year	<u>\$ 187,963</u>	<u>\$ 140,762</u>	<u>\$ 132,762</u>	<u>\$ (8,000)</u>

See independent auditor's report.

**ALEE ACADEMY, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA**

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE - SPECIAL REVENUE FUND

FOR THE YEAR ENDED JUNE 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual (Budgetary Basis)</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Federal sources passed through local school district	\$ 171,045	\$ 163,806	\$ 199,930	36,124
Total revenues	<u>171,045</u>	<u>163,806</u>	<u>199,930</u>	<u>36,124</u>
EXPENDITURES				
Current:				
Instruction and instruction-related services	133,579	126,340	196,118	(69,778)
Operation and maintenance of plant	<u>37,466</u>	<u>37,466</u>	<u>3,812</u>	<u>33,654</u>
Total expenditures	<u>171,045</u>	<u>163,806</u>	<u>199,930</u>	<u>(36,124)</u>
Net change in fund balance	-	-	-	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditor's report.

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Alee Academy, Inc. (the "School"), a charter school and component unit of the District School Board of Lake County, Florida, as of and for the year ended June 30, 2021, 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, 2021.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

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



COMPLIANCE AND OTHER MATTERS

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

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.



Winter Park, Florida
September 30, 2021

**ADDITIONAL INFORMATION REQUIRED BY
RULES OF THE AUDITOR GENERAL,
CHAPTER 10.850**

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

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of the governmental activities and each major fund of Alee Academy, Inc. (the "School"), a charter school and component unit of the District School Board of Lake County, Florida, as of and for the year ended June 30, 2021, and have issued our report thereon dated September 30, 2021.

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 Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated September 30, 2021, should be considered in conjunction with this management letter.

PRIOR AUDIT FINDINGS

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

OFFICIAL TITLE

Section 10.854(1)(e)5., Rules of the Auditor General, requires the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title of the entity is Alee Academy, Inc., and the school code assigned by the Florida Department of Education is 9018.

FINANCIAL CONDITION AND MANAGEMENT

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

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

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

TRANSPARENCY

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

ADDITIONAL MATTERS

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

PURPOSE OF THIS LETTER

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



Winter Park, Florida
September 30, 2021