

**AMERICAN CLASSICAL  
CHARTER ACADEMY, INC.**

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

**INDEPENDENT AUDITOR'S REPORT**

*for the fiscal year ended JUNE 30, 2021*

***King & Walker, CPAs, PL***

---

*Certified Public Accountants*

**THIS PAGE IS INTENTIONALLY BLANK.**

# AMERICAN CLASSICAL CHARTER ACADEMY, INC.

## TABLE OF CONTENTS

	<b>PAGE <u>NO.</u></b>
<b>FINANCIAL SECTION</b>	
<b>Independent Auditor’s Report</b>	1
<b>Management’s Discussion and Analysis – (Unaudited)</b>	3
<b>Basic Financial Statements</b>	
<i>Government-Wide Financial Statements:</i>	
Statement of Net Position	8
Statement of Activities	9
<i>Fund Financial Statements:</i>	
Balance Sheet – Governmental Funds	10
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	11
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	12
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	13
Notes to Financial Statements	14
<b>Other Required Supplementary Information</b>	
Budgetary Comparison Schedule – General Fund and Major Special Revenue Fund – (Unaudited)	24
Note to Required Supplementary Information	25
<b>COMPLIANCE AND INTERNAL CONTROL</b>	
<b>Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Governmental Auditing Standards</i></b>	26
<b>Management Letter</b> as required by Rules of the Florida Auditor General, Chapter 10.850, Florida Statutes, <i>Charter School Audits</i>	28
Schedule of Findings and Recommendations	30
Management’s Response to Findings and Recommendations	31



Members:  
Florida Institute of CPAs  
American Institute of CPAs  
Government Audit Quality Center

2803 W. Busch Blvd Ste 106  
Tampa, FL 33618  
office (813) 892-4274 fax (813) 932-1913  
www.KingandWalker.com

---

## Independent Auditor's Report

To the Board of Directors of American Classical Charter Academy, Inc.  
a Charter School and Component Unit of the District  
School Board of Osceola County, Florida

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of American Classical Charter Academy, Inc. ("School"), a charter school and component unit of the District School Board of Osceola 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 *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School, as of June 30, 2021, and the respective changes in financial position thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

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

#### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 17, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

Respectfully submitted,

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

September 17, 2021  
Tampa, Florida

# **AMERICAN CLASSICAL CHARTER ACADEMY, INC.**

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

## **MANAGEMENT'S DISCUSSION AND ANALYSIS - (Unaudited)**

---

The Management's Discussion and Analysis (MD&A) section of the annual financial report of American Classical Charter Academy, Inc. ("School") provides an overview of the School's activities for the fiscal year ended June 30, 2021.

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

### **FINANCIAL HIGHLIGHTS**

- For the fiscal year ended June 30, 2021, the School's expenses exceeded revenues as shown on the School's statement of activities by \$460,892.
- As shown on the statement of net position, the School reported a deficit total net position balance of \$617,781.
- As shown on the balance sheet – governmental funds, the School reported a total combined fund balance of \$244,496.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

The basic financial statements consist of three components:

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

### **Government-Wide Financial Statements**

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

# **AMERICAN CLASSICAL CHARTER ACADEMY, INC.**

*A Charter School and Component Unit of the District School Board of Osceola County, Florida*  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - (Unaudited)**

---

## **Fund Financial Statements**

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

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

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

The governmental funds balance sheet and statement of revenues, expenditures, and changes in fund balances provide detailed information about the School's most significant funds. The School operates two funds; a General Fund and a Special Revenue Fund. For reporting purposes all funds are considered major funds.

The School adopts annual budgets for its governmental funds. A budgetary comparison schedule, as required, has been provided for the General Fund and the Major Special Revenue Fund to demonstrate compliance with the budgets.

## **Notes to Financial Statements**

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

## AMERICAN CLASSICAL CHARTER ACADEMY, INC.

*A Charter School and Component Unit of the District School Board of Osceola County, Florida*  
MANAGEMENT'S DISCUSSION AND ANALYSIS - (Unaudited)

---

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

#### Net Position, End of Year

	Governmental Activities		
	6-30-20	6-30-21	Increase (Decrease)
<b>ASSETS</b>			
Current and Other Assets	\$ 309,635	\$ 565,634	\$ 255,999
Capital Assets, Net	9,077	116,195	107,118
Total Assets	318,712	681,829	363,117
<b>LIABILITIES</b>			
Current Liabilities	239,596	321,138	81,542
Noncurrent Liabilities	236,005	978,472	742,467
Total Liabilities	475,601	1,299,610	824,009
<b>NET POSITION</b>			
Net Investment in Capital Assets	9,077	116,195	107,118
Unrestricted	(165,966)	(733,976)	(568,010)
Total Net Position	\$ (156,889)	\$ (617,781)	\$ (460,892)

The assets of the School primarily consist of cash & cash equivalents (\$515,021). Liabilities consist of accounts payable, accrued salaries and benefits payable, and long-term notes payable. The School reported a total deficit net position balance of \$617,781.



## AMERICAN CLASSICAL CHARTER ACADEMY, INC.

*A Charter School and Component Unit of the District School Board of Osceola County, Florida*  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - (Unaudited)**

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

	<b>Operating Results for the Year</b>		
	<u>Governmental Activities</u>		
	<u>6-30-20</u>	<u>6-30-21</u>	<u>Increase (Decrease)</u>
<b>Revenues:</b>			
Federal Through State and Local	\$ 228,817	\$ 307,337	\$ 78,520
State	675,044	1,877,860	1,202,816
Local and Other	862,739	485,669	(377,070)
Special Item - Forgiveness of Debt	16,600	128,300	111,700
<b>Total Revenues</b>	<u>1,783,200</u>	<u>2,799,166</u>	<u>1,015,966</u>
<b>Expenses:</b>			
Instruction	752,563	1,238,372	485,809
Student Support Services	-	5,716	5,716
Instructional Staff Training	3,788	3,000	(788)
Instructional Related Technology	13,933	27,766	13,833
Board	170,862	353,280	182,418
School Administration	159,650	458,792	299,142
Fiscal Services	26,474	-	(26,474)
Food Services	18,508	7,644	(10,864)
Operation of Plant	771,460	1,127,344	355,884
Maintenance of Plant	7,425	10,404	2,979
Community Service	3,213	11,098	7,885
Unallocated Depreciation	1,602	16,642	15,040
<b>Total Expenses</b>	<u>1,929,478</u>	<u>3,260,058</u>	<u>1,330,580</u>
<b>Increase/(Decrease) in Net Position</b>	<u>\$ (146,278)</u>	<u>\$ (460,892)</u>	<u>\$ (314,614)</u>

The largest continuous revenue source for the School is the State of Florida (70%). Revenues from State sources for current operations are primarily received through the Florida Education Finance Program (FEFP) funding formula. The FEFP utilizes student enrollment data to determine the funds available for the School.

Local and Other Revenue includes \$437,564 (16% of total revenue) for forgiveness of rent by the landlord. The largest concentration of expenses was for Instruction-related functions and Operation of Plant, which each represents 39% and 35%, respectively, of total expenditures.

# **AMERICAN CLASSICAL CHARTER ACADEMY, INC.**

*A Charter School and Component Unit of the District School Board of Osceola County, Florida*  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - (Unaudited)**

---

## **FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS**

### **Governmental Funds**

As the School completed the year, its governmental funds reported a total combined fund balance of \$244,496.

## **BUDGETARY HIGHLIGHTS**

The General Fund and Special Revenue Fund budgets for the fiscal year ended June 30, 2021, were developed based on the School's anticipated revenues and expenditures, the expected student population, and Federal grant programs for the school year. Over the course of the year, the School revised the budgets several times to reflect changes in funding and other financial data. Refer to the Budgetary Comparison Schedule for additional information.

## **CAPITAL ASSETS**

The School's investment in capital assets for its governmental activities as of June 30, 2021, amounts to \$116,195 (net of accumulated depreciation). This investment in capital assets includes leasehold improvements and furniture, fixtures, and equipment. Additional information regarding the School's capital assets can be found in the notes to the financial statements.

## **DEBT ADMINISTRATION**

In the 2019-20 fiscal year, the School received a loan of \$155,000 from Charter One, the School's former management company to cover operating costs during the fiscal year. The School entered into an additional promissory note payable for \$81,005. The remaining balance on these notes payable as of June 30, 2021, is \$236,005.

In the 2020-21 fiscal year, the School entered into an additional promissory note payable for \$742,467 for expenses incurred during the fiscal year. The remaining balance on this note payable is \$742,467. Additional information regarding the School's long-term debt is located in the notes to the financial statements.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the School's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Principal, American Classical Charter Academy, Inc. 2395 Hickory Tree Rd, St. Cloud, FL 34772.

**AMERICAN CLASSICAL CHARTER ACADEMY, INC.**  
**A CHARTER SCHOOL AND COMPONENT UNIT OF THE**  
**DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY, FLORIDA**

**STATEMENT OF NET POSITION**

*June 30, 2021*

	Government Activities
<b>ASSETS</b>	
Cash & Cash Equivalents	\$ 515,021
Due From Other Agencies	18,753
Prepaid Items & Deposits	31,860
Capital Assets:	
Leasehold Improvements, Net	65,935
Furniture, Fixtures, and Equipment, Net	50,260
Total Capital Assets	116,195
<b>TOTAL ASSETS</b>	<b>681,829</b>
<b>LIABILITIES</b>	
Salaries and Benefits Payable	91,903
Accounts Payable	229,235
Noncurrent Liabilities:	
Due Within One Year:	
Notes Payable	97,012
Due After One Year:	
Notes Payable	881,460
<b>TOTAL LIABILITIES</b>	<b>1,299,610</b>
<b>NET POSITION</b>	
Net Investment in Capital Assets	116,195
Unrestricted	(733,976)
<b>TOTAL NET POSITION</b>	<b>\$ (617,781)</b>

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

**AMERICAN CLASSICAL CHARTER ACADEMY, INC.**  
**A CHARTER SCHOOL AND COMPONENT UNIT OF THE**  
**DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY, FLORIDA**

**STATEMENT OF ACTIVITIES**  
*For the Fiscal Year Ended June 30, 2021*

		Program Revenues			Net (Expenses)
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes Net Position	
				Governmental Activities	
Governmental Activities:					
Instruction	\$ 1,238,372	\$ -	\$ 150,039	\$ -	\$ (1,088,333)
Student Support Services	5,716	-	5,610	-	(106)
Instructional Staff Training	3,000	-	-	-	(3,000)
Instructional Related Technology	27,766	-	1,949	-	(25,817)
Board	353,280	-	-	-	(353,280)
School Administration	458,792	-	27,649	-	(431,143)
Food Services	7,644	247	-	-	(7,397)
Operation of Plant	1,127,344	-	2,984	-	(1,124,360)
Maintenance of Plant	10,404	-	-	-	(10,404)
Community Service	11,098	37,845	-	-	26,747
Unallocated Depreciation	16,642	-	-	-	(16,642)
<b>Total Governmental Activities</b>	<b>\$ 3,260,058</b>	<b>\$ 38,092</b>	<b>\$ 188,231</b>	<b>\$ -</b>	<b>(3,033,735)</b>
General Revenue					
State Sources					1,877,860
Grants and Contributions not restricted to specific program					119,106
Local and Other					447,577
Special Item - Forgiveness of Debt					128,300
Total General Revenues					2,572,843
Change in Net Position					(460,892)
Net Position - July 1, 2020					(156,889)
Net Position - June 30, 2021					\$ (617,781)

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

**AMERICAN CLASSICAL CHARTER ACADEMY, INC.**  
**A CHARTER SCHOOL AND COMPONENT UNIT OF THE**  
**DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY, FLORIDA**

**BALANCE SHEET - GOVERNMENTAL FUNDS**

*June 30, 2021*

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Cash & Cash Equivalents	\$ 515,021	\$ -	\$ 515,021
Due From Other Agencies	-	18,753	18,753
Prepaid Items & Deposits	31,860	-	31,860
Due from Other Funds	16,169	-	16,169
Total Assets	<u>\$ 563,050</u>	<u>\$ 18,753</u>	<u>\$ 581,803</u>
<b>LIABILITIES</b>			
Salaries and Benefits Payable	\$ 91,903	\$ -	\$ 91,903
Accounts Payable	226,651	2,584	229,235
Due to Other Funds	-	16,169	16,169
Total Liabilities	<u>318,554</u>	<u>18,753</u>	<u>337,307</u>
<b>FUND BALANCES</b>			
Nonspendable	31,860	-	31,860
Unassigned	212,636	-	212,636
Total Fund Balances	<u>244,496</u>	<u>-</u>	<u>244,496</u>
Total Liabilities and Fund Balances	<u>\$ 563,050</u>	<u>\$ 18,753</u>	<u>\$ 581,803</u>

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

**AMERICAN CLASSICAL CHARTER ACADEMY, INC.**  
**A CHARTER SCHOOL AND COMPONENT UNIT OF THE**  
**DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY, FLORIDA**

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

*June 30, 2021*

<b>Total Fund Balances - Governmental Funds</b>		\$	244,496
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>			
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and therefore, are not reported as assets in governmental funds.			116,195
Long-term liabilities are not due and payable in the current period and therefore, are not reported as liabilities in the governmental funds.			
Notes Payable	(978,472)		(978,472)
<b>Total Net Position - Governmental Activities</b>		<b>\$</b>	<b>(617,781)</b>

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

**AMERICAN CLASSICAL CHARTER ACADEMY, INC.**  
**A CHARTER SCHOOL AND COMPONENT UNIT OF THE**  
**DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY, FLORIDA**

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

*For the Fiscal Year Ended June 30, 2021*

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>			
Intergovernmental:			
Federal Through State and Local	\$ -	\$ 307,337	\$ 307,337
State	1,877,860	-	1,877,860
Local and Other	485,669	-	485,669
Total Revenues	<u>2,363,529</u>	<u>307,337</u>	<u>2,670,866</u>
<b>Expenditures</b>			
Current - Education:			
Instruction	1,088,333	150,039	1,238,372
Student Support Services	106	5,610	5,716
Instructional Staff Training	3,000	-	3,000
Instructional Related Technology	25,817	1,949	27,766
Board	353,280	-	353,280
School Administration	431,143	27,649	458,792
Food Services	7,644	-	7,644
Operation of Plant	1,124,360	2,984	1,127,344
Maintenance of Plant	10,404	-	10,404
Community Service	11,098	-	11,098
Fixed Capital Outlay:			
Facilities Acquisition & Construction	2,900	69,011	71,911
Other Capital Outlay	1,754	50,095	51,849
Total Expenditures	<u>3,059,839</u>	<u>307,337</u>	<u>3,367,176</u>
Excess/(Deficiency) of Revenues			
Over Expenditures	<u>(696,310)</u>	<u>-</u>	<u>(696,310)</u>
Other Financing Sources (Uses):			
Proceeds from Debt	742,467	-	742,467
Special Item - Forgiveness of Debt	128,300	-	128,300
Total Other Financing Sources (Uses)	<u>870,767</u>	<u>-</u>	<u>870,767</u>
Net Change in Fund Balances	174,457	-	174,457
Fund Balances, July 1, 2020	<u>70,039</u>	<u>-</u>	<u>70,039</u>
Fund Balances, June 30, 2021	<u>\$ 244,496</u>	<u>\$ -</u>	<u>\$ 244,496</u>

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

**AMERICAN CLASSICAL CHARTER ACADEMY, INC.**  
**A CHARTER SCHOOL AND COMPONENT UNIT OF THE**  
**DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY, FLORIDA**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF**  
**REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**TO THE STATEMENT OF ACTIVITIES**  
*For the Fiscal Year Ended June 30, 2021*

<b>Net Change in Fund Balances - Governmental Funds</b>	\$	174,457
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.</p>		
Capital Outlays		123,760
Depreciation Expense		(16,642)
		107,118
<p>Long-term debt proceeds are reported as other financing sources in the Governmental Funds and as long-term liabilities in the Statement of Net Position.</p>		
		(742,467)
<b>Change in Net Position - Governmental Activities</b>	\$	(460,892)

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



# AMERICAN CLASSICAL CHARTER ACADEMY, INC.

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

## NOTES TO FINANCIAL STATEMENTS

June 30, 2021

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### ➤ Reporting Entity

American Classical Charter Academy, Inc., is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act. The governing body of the School is the not-for-profit corporation Board of Directors, which is comprised of not less than three members.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, the District School Board of Osceola County, Florida, ("District"). The charter was granted starting for the 2019-20 school year and is effective until June 30, 2025, and is subject to annual review and may be renewed by mutual agreement between the School and the District. At the end of the term of the charter, the District may choose not to renew the charter under grounds specified in the charter. In this case, the District is required to notify the school in writing at least 90 days prior to the charter's expiration. During the term of the charter, the District may also terminate the charter if good cause is shown. In the event of termination of the charter, the District shall assume operation of the School. The School is considered a component unit of the District; therefore, for financial reporting purposes, the School is required to follow generally accepted accounting principles applicable to state and local governmental units.

Criteria for determining if other entities are potential component units which should be reported within the School's basic financial statements are identified and described in the Governmental Accounting Standards Board's (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*, Sections 2100 and 2600. The application of these criteria provides for identification of any entities for which the School is financially accountable and other organizations for which the nature and significance of their relationship with the School are such that exclusion would cause the School's basic financial statements to be misleading or incomplete. Based on these criteria, no component units are included within the reporting entity of the School.

#### ➤ Basis of Presentation

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

Government-wide financial statements are prepared using the economic resources measurement focus. The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the School's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are thereby clearly identifiable to a particular function.

Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting

# AMERICAN CLASSICAL CHARTER ACADEMY, INC.

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

## NOTES TO FINANCIAL STATEMENTS

June 30, 2021

the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School.

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

The School's major governmental funds are as follows:

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

### ➤ Basis of Accounting

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

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

Governmental fund financial statements are prepared using the modified accrual basis of accounting. Revenues, except for certain grant revenues, are recognized when they become measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The School considers revenues to be available if they are collected within 30 days of the end of the current fiscal year. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for Federal, State, and other grant resources, revenue is recognized at the time the expenditure is made. Under the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized when due. Allocations of cost, such as depreciation, are not recognized in governmental funds.

# AMERICAN CLASSICAL CHARTER ACADEMY, INC.

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

## NOTES TO FINANCIAL STATEMENTS

June 30, 2021

➤ **Cash and Cash Equivalents**

Cash deposits consist primarily of demand deposits held by banks qualified as public depositories under Florida law. Deposits on hand at financial institutions are insured up to \$250,000 by the Federal Deposit Insurance Company and collateralized with securities held in Florida's multiple financial institution collateral pool as required by Chapter 280, Florida Statutes.

➤ **Capital Assets**

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

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

<u>Description</u>	<u>Estimated Lives</u>
Leasehold Improvements	10 years
Furniture, Fixtures, and Equipment	5 years

➤ **Noncurrent Liabilities**

Long-term debt obligations that will be financed by resources to be received in the future by the general fund are reported in the government-wide financial statements, not in the general fund. Current-year information relative to changes in long-term debt is described in subsequent notes.

➤ **Deferred Outflows/Inflows of Resources**

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

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

# AMERICAN CLASSICAL CHARTER ACADEMY, INC.

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

## NOTES TO FINANCIAL STATEMENTS

June 30, 2021

### ➤ **Net Position and Fund Balance Classification**

#### *Government-wide Financial Statements*

Net Position are classified and reported in three components:

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

#### *Fund Financial Statements*

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

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

### ➤ **Order of Fund Balance Spending Policy**

The School’s policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year. First, nonspendable fund balances are determined. Then restricted fund balances for specific purposes are

# AMERICAN CLASSICAL CHARTER ACADEMY, INC.

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

## NOTES TO FINANCIAL STATEMENTS

June 30, 2021

determined (not including nonspendable amounts). Any remaining fund balance amounts for the non-general funds are to be classified as restricted fund balance. It is possible for the non-general funds to be classified as restricted fund balance. It is possible for the non-general funds to have negative unassigned fund balance when nonspendable amounts plus the amount of restricted fund balances for specific purposes exceed the positive fund balance for non-general fund.

### ➤ Revenue Sources

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

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

The basic amount of funding through the FEFP under Section 1011.62 is the product of the (1) unweighted FTE, multiplied by (2) the cost factor for each program, multiplied by (3) the base student allocation established by the legislature. Additional funds for exceptional students who do not have a matrix of services are provided through the guaranteed allocation designated in Section 1011.62(1)(e)2., Florida Statutes. For the fiscal year ended June 30, 2021, the School reported 276.82 unweighted FTE and 301.2642 weighted FTE.

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

- Attendance and membership documentation (Rule 6A-1.044, FAC).
- Teacher certificates and other certification documentation (Rule 6A-1.0503, FAC).
- Documentation for instructors teaching out-of-field (Rule 6A-1.0503, FAC).
- Procedural safeguards for weighted programs (Rule 6A-6.03411, FAC).
- Evaluation and planning documents for weighted programs (Section 1010.305, Florida Statutes, and Rule 6A-6.03411, FAC).

# AMERICAN CLASSICAL CHARTER ACADEMY, INC.

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

## NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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

The School also receives funding through donations and fundraising efforts, school lunch sales and local property tax collections.

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

➤ **Income Taxes**

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

➤ **Use of Estimates**

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

➤ **Subsequent Events**

Management has evaluated all events subsequent to the balance sheet date and through the report date, which is the date these financial statements were available to be issued. Management determined there are no subsequent events which require disclosure.

## 2. CASH DEPOSITS

*Custodial Credit Risk – Deposits.* In the case of deposits, this is the risk that in the event of a bank failure, the School's deposits may not be returned to the School. The School does not have a custodial credit risk policy. All cash deposits are held in banks that qualify as public depositories under Florida law. All such deposits are insured by federal depository insurance and/or collateralized with securities held in Florida's multiple financial institution collateral pool as required by Chapter 280, Florida Statutes.

## 3. RISK MANAGEMENT PROGRAMS

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

# AMERICAN CLASSICAL CHARTER ACADEMY, INC.

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

## NOTES TO FINANCIAL STATEMENTS

June 30, 2021

### 4. DUE FROM OTHER AGENCIES

Amounts Due from Other Agencies included in the accompanying statement of net position and balance sheet – governmental funds consists of amounts due from the Osceola County District School Board for ESSER grant funds for expenditures already paid and awaiting reimbursement and are recorded in the Special Revenue Fund. These receivables are considered to be fully collectible and as such, no allowance for uncollectibles is accrued.

### 5. CHANGES IN CAPITAL ASSETS

Changes in capital assets are presented in the table below:

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Governmental Activities:</u>				
Leasehold Improvements	\$ -	\$ 71,911	\$ -	\$ 71,911
Furniture, Fixtures, and Equipment	10,679	51,849	-	62,528
Total Capital Assets	10,679	123,760	-	134,439
Less Accumulated Depreciation for:				
Leasehold Improvements	-	(5,976)	-	(5,976)
Furniture, Fixtures, and Equipment	(1,602)	(10,666)	-	(12,268)
Total Accumulated Depreciation	(1,602)	(16,642)	-	(18,244)
Governmental Activities Capital Assets, net	\$ 9,077	\$ 107,118	\$ -	\$ 116,195

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

### 6. FUNDING AND CREDIT RISK CONCENTRATIONS

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

### 7. COMMITMENTS AND CONTINGENT LIABILITIES

The School participates in state grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies, therefore, to the extent that the School has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivables at June 30, 2021, may be impaired.

In the opinion of the School, there are no significant liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

**AMERICAN CLASSICAL CHARTER ACADEMY, INC.**

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

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2021**

**8. NOTES PAYABLE**

As of June 30, 2021, the School’s long-term debt consisted of the following notes payable:

	Balance at 6-30-21
<b>Note Payable - Charter One</b>	
<hr/>	
\$155,000, promissory note bearing 5.00% interest rate. Interest is accrued and note must be paid in full by August 2023. The note can be prepaid. In the event of default, the interest rate of the note shall increase by 10%.	\$ 155,000
<b>Note Payable - Charter One</b>	
<hr/>	
\$81,005, promissory note for management fees incurred in FY20. Interest rate of 5.00%. Interest is accrued and note must be paid in full by August 2023. The note can be prepaid. In the event of default, the interest rate of the note shall increase by 10%.	81,005
<b>Note Payable - Charter One</b>	
<hr/>	
\$742,467, promissory note issued as a result of a settlement agreement between the School and Charter One, bearing interest rate of 8.00%. Interest is accrued and note must be paid in full by July 2025. The note can be prepaid. In the event of default, Charter One must provide written notice and the outstanding principal amounts and accrued interest will become due and payable within 30 calendar days.	742,467
Total Notes Payable	<u>\$ 978,472</u>

Amounts payable in future fiscal years for the notes payable are as follows:

Fiscal Year	Total	Principal	Interest
Ending June 30			
	<hr/>	<hr/>	<hr/>
2022	\$ 159,800	\$ 97,012	\$ 62,788
2023	233,800	176,751	57,049
2024	459,973	427,427	32,546
2025	222,000	207,309	14,691
2026	70,439	69,973	466
Total	<u>\$ 1,146,012</u>	<u>\$ 978,472</u>	<u>\$ 167,540</u>



# AMERICAN CLASSICAL CHARTER ACADEMY, INC.

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

## NOTES TO FINANCIAL STATEMENTS

June 30, 2021

### 9. CHANGES IN LONG-TERM LIABILITIES

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

	Beginning Balance	Additions	Deductions	Ending Balance	Due in One Year
<b>GOVERNMENTAL ACTIVITIES:</b>					
Notes Payable	\$ 236,005	\$ 742,467	\$ -	\$ 978,472	\$ 97,012
Total Governmental Activities	\$ 236,005	\$ 742,467	\$ -	\$ 978,472	\$ 97,012

### 10. INTERFUND RECEIVABLES & PAYABLES

At June 30, 2021, the School's Special Revenue Fund owed to the General Fund \$16,169 for expenditures awaiting reimbursement from other agencies. These amounts are netted together and not reported in the statement of net position.

### 11. SPECIAL ITEM – FORGIVENESS OF DEBT

The School was granted a loan from Truist Bank (BB&T) in May 2020 in the amount of \$128,300, pursuant to the Paycheck Protection Program (the "PPP") under Division A, Title I of the CARES Act. The School met the qualifications for loan forgiveness under the PPP and was provided repayment forgiveness in February 2021. Revenue was recorded in the statement of activities and statement of revenues, expenditures and changes in fund balances – governmental funds of \$128,300.

### 12. SCHEDULE OF STATE REVENUE SOURCES

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

Source	Amount
Florida Education Finance Program	\$ 1,524,176
Categorical Programs:	
Class Size Reduction	349,039
Miscellaneous	4,645
Total State Revenue	\$ 1,877,860

As provided in the charter school contract, the District has charged the School an administrative fee of \$88,935.

### 13. OPERATING AGREEMENT

The School entered into a contract with Charter One, LLC ("Charter One") for the period August 2019 to June 30, 2029 to provide the School with certain operational, academic, financial, and compliance services and human resource administration. An annual fee of 15% of gross FEFP revenue is to be paid in monthly installments. The total amount incurred under this agreement during the year ended June 30, 2021 was \$248,937. As of May 25, 2021, the contract between the School and Charter One was terminated by the School and a settlement agreement and promissory note was signed in the amount of \$742,467. The promissory note is to be paid over the next four years at an annual interest rate of 8% (see Note 8).

# AMERICAN CLASSICAL CHARTER ACADEMY, INC.

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

## NOTES TO FINANCIAL STATEMENTS

June 30, 2021

### 14. FACILITY LEASE

The School entered into a build to suit lease with an option to purchase with SH ACCA, LLC for its educational facility. The lease was amended November 5, 2020, to defer partial rent payments for the fiscal year. The lease is for a term of 240 months with an initial base rent of \$835,905 per year with established annual increases. It also includes a purchase option after the first 12 months. Rent expense for the 2020-21 fiscal year totaled \$837,564.

**Contribution:** In the 2020-21 fiscal year, the landlord agreed to forgive current year rental expenditures of \$437,564. Forgiveness of debt of \$437,564 is included within the Local and Other Revenue in the statement of activities and statement of revenues, expenditures and changes in fund balance – governmental funds.

Base rent for the lease term per year is as follows:

<u>Fiscal Year Ending June 30:</u>	<u>Minimum Lease Payments</u>
2022	\$ 829,094
2023	882,157
2024	905,422
2025	928,688
2026	951,954
2027-31	5,128,875
2032-36	5,802,851
2037-40	4,175,812
Total	<u>\$ 19,604,853</u>

### 15. 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.

**AMERICAN CLASSICAL CHARTER ACADEMY, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF THE  
DISTRICT SCHOOL BOARD OF OSCEOLA COUNTY, FLORIDA**

**REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND & MAJOR SPECIAL REVENUE FUND (UNAUDITED)  
For the Fiscal Year Ended June 30, 2021**

	General Fund				Major Special Revenue Fund		
	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)	Original/Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Revenues:</b>							
Intergovernmental:							
Federal Through State and Local State	\$ -	\$ -	\$ -	\$ -	\$ 298,152	\$ 307,337	\$ 9,185
Local and Other	2,127,194	1,797,972	1,877,860	79,888	-	-	-
Total Revenues	<u>2,807,264</u>	<u>2,282,455</u>	<u>2,363,529</u>	<u>81,074</u>	<u>298,152</u>	<u>307,337</u>	<u>9,185</u>
<b>Expenditures:</b>							
Current - Education:							
Instruction	965,437	1,107,610	1,088,333	19,277	193,048	150,039	43,009
Student Support Services	1,257	-	106	(106)	8,275	5,610	2,665
Instructional Staff Training	18,075	10,144	3,000	7,144	-	-	-
Instructional Related Technology Board	14,458	41,083	25,817	15,266	-	1,949	(1,949)
School Administration	356,398	385,622	353,280	32,342	-	-	-
Fiscal Services	231,454	459,195	431,143	28,052	68,320	27,649	40,671
Food Services	71,905	-	-	-	-	-	-
Operation of Plant	-	7,865	7,644	221	-	-	-
Maintenance of Plant	1,106,257	1,128,115	1,124,360	3,755	7,333	2,984	4,349
Community Service	3,030	11,937	10,404	1,533	-	-	-
Fixed Capital Outlay:	13,779	7,756	11,098	(3,342)	-	-	-
Facilities Acquisition & Construction	-	-	2,900	(2,900)	21,176	69,011	(47,835)
Other Capital Outlay	-	-	1,754	(1,754)	-	50,095	(50,095)
Total Expenditures	<u>2,782,050</u>	<u>3,159,327</u>	<u>3,059,839</u>	<u>99,488</u>	<u>298,152</u>	<u>307,337</u>	<u>(9,185)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>25,214</u>	<u>(876,872)</u>	<u>(696,310)</u>	<u>180,562</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses):							
Proceeds from Debt	-	710,661	742,467	(31,806)	-	-	-
Special Item - Forgiveness of Debt	-	128,300	128,300	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>838,961</u>	<u>870,767</u>	<u>(31,806)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>25,214</u>	<u>(37,911)</u>	<u>174,457</u>	<u>(212,368)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, July 1, 2020	70,039	70,039	70,039	-	-	-	-
Fund Balances, June 30, 2021	<u>\$ 95,253</u>	<u>\$ 32,128</u>	<u>\$ 244,496</u>	<u>\$ (212,368)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Independent Auditor's Report

**AMERICAN CLASSICAL CHARTER ACADEMY, INC.**

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

**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION**

**June 30, 2021**

**1. BUDGETARY BASIS OF ACCOUNTING**

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

Members:  
Florida Institute of CPAs  
American Institute of CPAs  
Government Audit Quality Center

2803 W. Busch Blvd Ste 106  
Tampa, FL 33618  
office (813) 892-42749 fax (813) 932-1913  
www.KingandWalker.com

---

**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 American Classical Charter Academy, Inc.  
a Charter School and Component Unit of the District  
School Board of Osceola County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of American Classical Charter Academy, Inc. ("School"), a charter school and component unit of the District School Board of Osceola 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 17, 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") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

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

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

## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

Respectfully submitted,

A handwritten signature in black ink that reads "King & Walker, CPAs". The signature is written in a cursive, professional style.

September 17, 2021  
Tampa, Florida

Members:  
Florida Institute of CPAs  
American Institute of CPAs  
Government Audit Quality Center

2803 W. Busch Blvd Ste 106  
Tampa, FL 33618  
office (813) 892-4274 fax (813) 932-1913  
www.KingandWalker.com

---

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

To the Board of Directors of American Classical Charter Academy, Inc.  
a Charter School and Component Unit of the District  
School Board of Osceola County, Florida

**Report on the Financial Statements**

We have audited the financial statements of American Classical Charter Academy, Inc. (“School”), a Charter School and Component Unit of the District School Board of Osceola County, Florida, as of and for the fiscal year ended June 30, 2021, and have issued our report thereon dated September 17, 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 the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in those reports and schedule, which are dated September 17, 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 prior audit findings or recommendations.

**Official Title**

Section 10.854(1)(e)5., Rules of the Auditor General, requires that the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title and the school code assigned by the Florida Department of Education of the entity are American Classical Charter Academy, 490981.

## **Financial Condition and Management**

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

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

Section 10.854(1)(e)3., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did have recommendations. See Finding 2021-01 on page 30.

## **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 did not maintain on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes. See Finding 2021-02 on page 30.

## **Additional Matters**

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

## **Purpose of this Letter**

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

Respectfully submitted,

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

September 17, 2021  
Tampa, Florida



**AMERICAN CLASSICAL CHARTER ACADEMY, INC.**

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

**SUMMARY OF AUDIT FINDINGS AND RECOMMENDATIONS AND  
MANAGEMENT'S RESPONSES TO FINDINGS AND RECOMMENDATIONS**

**June 30, 2021**

**Finding No.**

- 2021-01 Board Meeting Minutes:** Pursuant to Section 286.001, Florida Statutes, the School is required to record the minutes of all board meetings and such records shall be open to public inspection. Minutes of board meetings aid in documenting all official actions taken by the board as it effects the financial and operational functions of the School. We requested, but were not provided with all of the School's Board meeting minutes. We observed seven agendas for Board meetings during the 2020-21 fiscal year, but were only provided with minutes for two meetings. We recommend that management make the necessary efforts to ensure that meeting minutes are recorded and prepared for all Board meetings.
- 2021-02 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 did not maintain on its Web site minutes for all governing board meetings as specified in Section 1002.33(9)(p), Florida Statutes.



AMERICAN CLASSICAL  
CHARTER ACADEMY

King & Walker

October 1, 2021

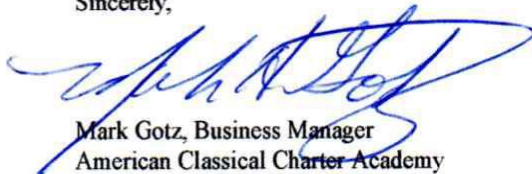
Re: Letter regarding missing minutes ACCA board meetings.

Mr. Walker:

The minutes that have been requested by your office to complete your audit are currently not available. The minutes for the missing meetings were done by staff that no longer works at the school. We have been unable to retrieve these minutes and they were not placed on our website as required by law.

The previous management company had these responsibilities, which your audit is reflecting, were not accomplished. We are at a stalemate to find a way to solve this void.

Sincerely,



Mark Gotz, Business Manager  
American Classical Charter Academy

American Classical Charter Academy  
2395 Hickory Tree Road  
Saint Cloud, FL 34772  
(407) 593-2909