

**CREATION FOUNDATION, INC.  
D/B/A DAYSPRING ACADEMY FOR  
EDUCATION AND THE ARTS**

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

INDEPENDENT AUDITOR'S REPORT  
*for the fiscal year ended JUNE 30, 2021*

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

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*Certified Public Accountants*

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**CREATION FOUNDATION, INC.  
D/B/A DAYSPRING ACADEMY FOR EDUCATION AND THE ARTS**

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## **Independent Auditor's Report**

To the Board of Directors of Creation Foundation, Inc.  
d/b/a Dayspring Academy for Education and the Arts,  
a Charter School and Component Unit of the  
District School Board of Pasco 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 Creation Foundation, Inc. d/b/a Dayspring Academy for Education and the Arts ("School"), a charter school and component unit of the District School Board of Pasco 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 Creation Foundation, Inc. d/b/a Dayspring Academy for Education and the Arts, 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 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 August 16, 2021 on our consideration of Creation Foundation, Inc. d/b/a Dayspring Academy for Education and the Arts' 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 Creation Foundation, Inc. d/b/a Dayspring Academy for Education and the Arts' internal control over financial reporting and compliance.

Respectfully submitted,



August 16, 2021  
Tampa, Florida

**CREATION FOUNDATION, INC.**  
**D/B/A DAYSPRING ACADEMY FOR EDUCATION AND THE ARTS**  
*a Charter School and Component Unit of the District School Board of Pasco County, Florida*  
**MANAGEMENT’S DISCUSSION AND ANALYSIS - (Unaudited)**

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The Management’s Discussion and Analysis (MD&A) section of the annual financial report of Creation Foundation, Inc. d/b/a Dayspring Academy for Education and the Arts (“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, as listed in the table of contents.

**FINANCIAL HIGHLIGHTS**

- The School reported a total Net Position balance of \$2,264,929 as shown on the Statement of Net Position.
- For the fiscal year ended June 30, 2021, the School’s expenses exceeded revenue by \$20,979, as shown on the School’s statement of activities. The total expenses include depreciation expense of \$200,162.

**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 Position 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 Position 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 Position, is a measure of the financial health of the School. The statement of activities presents information about the change in the School’s Net Position and the results of operations, during the fiscal year. An increase or decrease in Net Position 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.

## **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 financial 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 financial 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 financial 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 four funds; a General Fund, Special Revenue Fund, a Capital Projects Fund, and a Debt Service Fund. The School has elected to show each fund as a major fund.

The School adopts an annual budget for its governmental funds. A budgetary comparison schedule, as required, has been provided for the General Fund and 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.

**CREATION FOUNDATION, INC.**  
**D/B/A DAYSPRING ACADEMY FOR EDUCATION AND THE ARTS**  
*a Charter School and Component Unit of the District School Board of Pasco County, Florida*  
**MANAGEMENT’S DISCUSSION AND ANALYSIS - (Unaudited)**

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**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The following is a summary of the School’s current year 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	\$ 640,784	\$ 2,316,071	\$ 1,675,287
Capital Assets, Net	5,941,048	11,399,024	5,457,976
Total Assets	6,581,832	13,715,095	7,133,263
<b>LIABILITIES</b>			
Current Liabilities	685,175	562,832	(122,343)
Noncurrent Liabilities	3,610,749	10,887,334	7,276,585
Total Liabilities	4,295,924	11,450,166	7,154,242
<b>NET POSITION</b>			
Net Investment in Capital Assets	2,511,626	716,336	(1,795,290)
Restricted	-	1,321,689	1,321,689
Unrestricted	(225,718)	226,904	452,622
Total Net Position	\$ 2,285,908	\$ 2,264,929	\$ (20,979)

Current assets consist of cash and cash equivalents, prepaid items and deposits, and amounts due from other agencies. The School’s net investment in capital assets consists of land, buildings & fixed equipment, furniture, fixtures & equipment, improvements other than buildings, construction in progress, motor vehicles, and assets under capital leases, net of depreciation and related debt. Current liabilities consist of accounts payable and salaries and benefits payable; while long-term liabilities consist of a promissory note payable and compensated absences payable.

Total Unrestricted Net Position amounted to \$226,904 as of June 30, 2021, an increase from the prior year as a result of operations for the current year.



**CREATION FOUNDATION, INC.**  
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**MANAGEMENT'S DISCUSSION AND ANALYSIS - (Unaudited)**

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

	Governmental Activities		
	6-30-20	6-30-21	Increase (Decrease)
<b>Revenues:</b>			
Federal Through State and Local	\$ 10,093	\$ 428,819	\$ 418,726
State	6,422,023	7,191,174	769,151
Local and Other	743,992	831,509	87,517
Special Item - Forgiveness of Debt	-	400,000	400,000
Extraordinary Item - Noncash Contribution	640,000	-	(640,000)
Total Revenues	7,816,108	8,851,502	1,035,394
<b>Expenses:</b>			
Instruction	3,678,501	4,393,304	714,803
Student Support Services	60,299	61,093	794
Instructional Staff Training	1,528	-	(1,528)
School Administration	1,180,901	1,458,131	277,230
Facilities Acquisition & Construction	200,226	108,319	(91,907)
Fiscal Services	33,288	34,337	1,049
Student Transportation	89,286	81,659	(7,627)
Operation of Plant	684,520	809,604	125,084
Maintenance of Plant	53,892	43,163	(10,729)
Administrative Technology Services	113,468	155,695	42,227
Community Service	1,014,247	786,062	(228,185)
Debt Service - Interest & Fees	150,398	740,952	590,554
Unallocated Depreciation	177,473	200,162	22,689
Total Expenses	7,438,027	8,872,481	1,434,454
<b>Increase/(Decrease) in Net Position</b>	<b>\$ 378,081</b>	<b>\$ (20,979)</b>	<b>\$ (399,060)</b>

The largest revenue source for the School is from the State of Florida (85%). Revenues from State sources for current operations are primarily received through the Florida Education Finance Program (FEFP) funding formula and Charter School Capital Outlay funds. Both sources utilize student enrollment data to determine the funds available for the School. As a result of increased student enrollment, State revenue sources increased by \$769,151.

The largest concentration of expense was for instruction, which comprised 50% of total expenses. Instruction expenses increased from the previous fiscal year due to an increase in staffing needs for the increased student enrollment. Other expense categories experienced increases and decreases between fiscal years due to general economic conditions and the financial needs of the school.

**CREATION FOUNDATION, INC.**  
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**MANAGEMENT'S DISCUSSION AND ANALYSIS - (Unaudited)**

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

**Governmental Funds**

As the School completed the year, its governmental funds reported a combined fund balance of \$1,753,239.

**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 and the expected student population for the school year. Over the course of the year, the school revised its general fund budget several times. Refer to the Budgetary Comparison Schedule for additional information.

**CAPITAL ASSETS & LONG-TERM DEBT**

**Capital Assets**

The School's investment in capital assets for its governmental activities as of June 30, 2021, amounts to \$11,399,024 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and fixed equipment, improvements other than buildings, furniture, fixtures, and equipment, assets under a capital lease, and motor vehicles. Additional information regarding the School's capital assets can be found in a subsequent note to the financial statements.

**Long-Term Debt**

At June 30, 2021, the School had \$10,682,688 in long-term debt outstanding, a net increase of \$7,253,266 from last year. Additional information regarding the School's long-term debt can be found in the subsequent notes to the financial statements.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of Creation Foundation, Inc. d/b/a Dayspring Academy for Education and the Arts' finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director, Creation Foundation, Inc. d/b/a Dayspring Academy for Education and the Arts, 9732 Little Road, New Port Richey, FL 34654.

**CREATION FOUNDATION, INC. D/B/A  
 DAYSPRING ACADEMY FOR EDUCATION AND THE ARTS  
 A CHARTER SCHOOL AND COMPONENT UNIT OF THE  
 DISTRICT SCHOOL BOARD OF PASCO COUNTY, FLORIDA**

**STATEMENT OF NET POSITION**

*June 30, 2021*

	Government Activities
<b>ASSETS</b>	
Cash & Cash Equivalents	\$ 2,018,578
Due From Other Agencies	247,926
Prepaid Items & Deposits	49,567
Capital Assets:	
Land	979,683
Buildings & Fixed Equipment, Net	4,156,621
Improvements Other Than Buildings, Net	675,286
Furniture, Fixtures, and Equipment, Net	84,166
Motor Vehicles, Net	1,093
Construction in Progress	5,502,175
Total Capital Assets	11,399,024
<b>TOTAL ASSETS</b>	<b>13,715,095</b>
<b>LIABILITIES</b>	
Salaries and Benefits Payable	223,277
Accounts Payable	339,555
Noncurrent Liabilities:	
Due Within One Year:	
Note Payable	174,016
Due After One Year:	
Compensated Absences Payable	204,646
Note Payable	10,508,672
<b>TOTAL LIABILITIES</b>	<b>11,450,166</b>
<b>NET POSITION</b>	
Net Investment in Capital Assets	716,336
Restricted	1,321,689
Unrestricted	226,904
<b>TOTAL NET POSITION</b>	<b>\$ 2,264,929</b>

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

**CREATION FOUNDATION, INC. D/B/A  
 DAYSPRING ACADEMY FOR EDUCATION AND THE ARTS  
 A CHARTER SCHOOL AND COMPONENT UNIT OF THE  
 DISTRICT SCHOOL BOARD OF PASCO COUNTY, FLORIDA**

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

		Program Revenues			Net (Expenses)
Expenses	Fund for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes Net Position Governmental Activities	
Governmental Activities:					
Instruction	\$ 4,393,304	\$ -	\$ 98,406	\$ -	\$ (4,294,898)
Student Support Services	61,093	-	-	-	(61,093)
School Administration	1,458,131	-	160,862	-	(1,297,269)
Facilities Acquisition & Construction	108,319	-	88,733	-	(19,586)
Fiscal Services	34,337	-	-	-	(34,337)
Student Transportation	81,659	-	-	-	(81,659)
Operation of Plant	809,604	-	7,575	476,301	(325,728)
Maintenance of Plant	43,163	-	-	-	(43,163)
Administrative Technology Services	155,695	-	73,243	-	(82,452)
Community Service	786,062	525,340	-	-	(260,722)
Debt Service - Interest	337,068	-	-	-	(337,068)
Debt Service - Fees	403,884	-	-	-	(403,884)
Unallocated Depreciation	200,162	-	-	-	(200,162)
Total Governmental Activities	\$ 8,872,481	\$ 525,340	\$ 428,819	\$ 476,301	(7,442,021)
General Revenue					
State Sources					6,714,873
Local and Other					306,169
Special Item - Forgiveness of Debt					400,000
Total General Revenues					7,421,042
Change in Net Position					(20,979)
Net Position - July 1, 2020					2,285,908
Net Position - June 30, 2021					\$ 2,264,929

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

**CREATION FOUNDATION, INC. D/B/A  
 DAYSPRING ACADEMY FOR EDUCATION AND THE ARTS  
 A CHARTER SCHOOL AND COMPONENT UNIT OF THE  
 DISTRICT SCHOOL BOARD OF PASCO COUNTY, FLORIDA**

**BALANCE SHEET - GOVERNMENTAL FUNDS**

*June 30, 2021*

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS</b>					
Cash & Cash Equivalents	\$ 696,889	\$ -	\$ 1,321,689	\$ -	\$ 2,018,578
Due From Other Agencies	13,887	234,039	-	-	247,926
Prepaid Items & Deposits	49,567	-	-	-	49,567
Due from Other Funds	234,039	-	-	-	234,039
Total Assets	\$ 994,382	\$ 234,039	\$ 1,321,689	\$ -	\$ 2,550,110
<b>LIABILITIES</b>					
Salaries and Benefits Payable	\$ 223,277	\$ -	\$ -	\$ -	\$ 223,277
Accounts Payable	339,555	-	-	-	339,555
Due to Other Funds	-	234,039	-	-	234,039
Total Liabilities	562,832	234,039	-	-	796,871
<b>FUND BALANCES</b>					
Nonspendable	49,567	-	-	-	49,567
Restricted	-	-	1,321,689	-	1,321,689
Unassigned	381,983	-	-	-	381,983
Total Fund Balances	431,550	-	1,321,689	-	1,753,239
Total Liabilities and Fund Balances	\$ 994,382	\$ 234,039	\$ 1,321,689	\$ -	\$ 2,550,110

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

**CREATION FOUNDATION, INC. D/B/A  
DAYSPRING ACADEMY FOR EDUCATION AND THE ARTS  
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DISTRICT SCHOOL BOARD OF PASCO 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>	\$ 1,753,239
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and therefore, are not reported as assets in governmental funds.	11,399,024
Compensated Absences are not due and payable in the current period and therefore, are not reported as liabilities in the governmental funds.	(204,646)
Long-term liabilities are not due and payable in the current period and therefore, are not reported as liabilities in the governmental funds.	
Note Payable	<u>(10,682,688)</u>
<b>Total Net Position - Governmental Activities</b>	<u><u>\$ 2,264,929</u></u>

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

**CREATION FOUNDATION, INC. D/B/A  
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**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCES - GOVERNMENTAL FUNDS**

*For the Fiscal Year Ended June 30, 2021*

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>Revenues</b>					
Intergovernmental:					
Federal Through State and Local State	\$ -	\$ 428,819	\$ -	\$ -	\$ 428,819
State	6,714,873	-	476,301	-	7,191,174
Local and Other	831,509	-	-	-	831,509
<b>Total Revenues</b>	<b>7,546,382</b>	<b>428,819</b>	<b>476,301</b>	<b>-</b>	<b>8,451,502</b>
<b>Expenditures</b>					
Current - Education:					
Instruction	4,271,579	98,406	-	-	4,369,985
Student Support Services	61,093	-	-	-	61,093
School Administration	1,297,269	160,862	-	-	1,458,131
Facilities Acquisition & Construction	19,586	88,733	-	-	108,319
Fiscal Services	34,337	-	-	-	34,337
Student Transportation	81,659	-	-	-	81,659
Operation of Plant	325,728	7,575	476,301	-	809,604
Maintenance of Plant	43,163	-	-	-	43,163
Administrative Technology Services	82,452	73,243	-	-	155,695
Community Service	786,062	-	-	-	786,062
Fixed Capital Outlay:					
Facilities Acquisition & Construction	-	-	5,588,593	-	5,588,593
Other Capital Outlay	69,545	-	-	-	69,545
Debt Service:					
Principal	-	-	-	3,429,422	3,429,422
Interest	-	-	-	337,068	337,068
Fees	-	-	-	403,884	403,884
<b>Total Expenditures</b>	<b>7,072,473</b>	<b>428,819</b>	<b>6,064,894</b>	<b>4,170,374</b>	<b>17,736,560</b>
Excess/(Deficiency) of Revenues					
Over Expenditures	473,909	-	(5,588,593)	(4,170,374)	(9,285,058)
Other Financing Sources (Uses):					
Proceeds from Debt	10,682,688	-	-	-	10,682,688
Special Item - Forgiveness of Debt	400,000	-	-	-	400,000
Transfers In/(Out)	(11,080,656)	-	6,910,282	4,170,374	-
<b>Total Other Financing Sources (Uses)</b>	<b>2,032</b>	<b>-</b>	<b>6,910,282</b>	<b>4,170,374</b>	<b>11,082,688</b>
Net Change in Fund Balances	475,941	-	1,321,689	-	1,797,630
Fund Balances, July 1, 2020	(44,391)	-	-	-	(44,391)
<b>Fund Balances, June 30, 2021</b>	<b>\$ 431,550</b>	<b>\$ -</b>	<b>\$ 1,321,689</b>	<b>\$ -</b>	<b>\$ 1,753,239</b>

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

**CREATION FOUNDATION, INC. D/B/A  
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**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**

**Net Change in Fund Balances - Governmental Funds** \$ 1,797,630

Amounts reported for governmental activities in the statement of activities are different because:

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.

Capital Outlays	5,658,138	
Depreciation Expense	(200,162)	5,457,976

The repayment of principal of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term debt in the statement of net position.

3,429,422

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.

(10,682,688)

**Change in Net Position - Governmental Activities**

\$ (20,979)

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



**CREATION FOUNDATION, INC.**  
**D/B/A DAYSPRING ACADEMY FOR EDUCATION AND THE ARTS**  
**A Charter School and Component Unit of the District School Board of Pasco County, Florida**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

➤ **Reporting Entity**

The Creation Foundation, Inc. d/b/a Dayspring Academy for Education and the Arts (“School”), is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, and 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 Pasco County, Florida, (“District”). The School’s current charter is in effect until June 30, 2033 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.

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Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School.

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 considers all of its funds as major governmental funds:

- 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 federal grant programs and food service operations.
- Capital Projects Fund: to account for all resources for the acquisition of capital and related items purchased by the School with capital outlay funds.
- Debt Service Fund: to account for the accumulation of resources for, and the payment of, long-term debt principal and interest and related costs.

➤ **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

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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.

➤ **Cash and Cash Equivalents**

Cash and cash equivalents consist primarily of demand deposits and certificates of deposit held by banks qualified as public depositories under Florida law. Deposits on hand at financial institutions are insured 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 Position but are not reported in the governmental fund financial statements. Capital assets are defined by the School as those costing more than \$750. 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>
Buildings & Fixed Equipment	7-40 years
Improvements Other Than Buildings	5-10 years
Furniture, Fixtures and Equipment	3-7 years
Motor Vehicles	5 years
Assets Under Capital Lease	5 years

Current-year information relative to changes in capital assets is described in a subsequent note.

➤ **Compensated Absences**

Compensated absences (i.e., paid absences for employee vacation and sick leave) are recorded as an expenditure in governmental funds when leave is used or when accrued as payable to employees entitled to cash payment in lieu of taking leave. In the government-wide financial statements, compensated absences are recorded as an expense when earned by the employees. The liability for compensated absences is classified as current in the government-wide financial statements because the amount

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of vacation and sick time to be used after the following year cannot be reasonably estimated.

➤ **Noncurrent Liabilities**

Long-term 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. Capital improvement debt is reported net of unamortized discount. The School amortizes debt discounts over the life of the debt using the straight-line method. 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.

➤ **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.”

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*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 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.

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Under provisions of Section 1011.62, Florida Statutes, the District reports the number of full-time equivalent (FTE) 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 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 920 unweighted and 971.044 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).

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 receives state funds through the District under charter school capital outlay funding pursuant to Section 1013.62, Florida Statutes. Funds are based upon a capital outlay plan submitted to the District and are to be used for lease, rent or construction of school facilities. 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

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restricted and unrestricted assets are available. A schedule of revenue sources for the current year is presented in a subsequent note.

➤ **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 (GAAP) 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 position 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. DUE FROM OTHER AGENCIES**

Amounts Due from Other Agencies included in the accompanying statement of Net Position and balance sheet – governmental funds consist of amounts due from the Pasco County District School Board for FEFP funds and grant expenditure reimbursements. These receivables are considered to be fully collectible and as such, no allowance for uncollectible is accrued.

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**4. INVESTMENTS**

The School categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

All of the School's recurring fair value measurements as of June 30, 2021 are valued using quoted market prices (Level 1 inputs). The School's investments at June 30, 2021, are reported as follows:

Investments (1)	Amount
UMB Bank - Money Market Funds	\$ 1,321,689
Total	\$ 1,321,689

Notes (1) - This investment is reported as a cash equivalent for financial statement reporting purposes.

**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>				
Land	\$ 979,683	\$ -	\$ -	\$ 979,683
Construction in Progress	270,730	5,231,445	-	5,502,175
Buildings & Fixed Equipment	5,100,782	-	-	5,100,782
Improvements Other Than Buildings	592,634	357,148	-	949,782
Furniture, Fixtures and Equipment	210,935	69,545	-	280,480
Motor Vehicles	22,964	-	-	22,964
Assets Under Capital Lease	263,297	-	-	263,297
Total Capital Assets	7,441,025	5,658,138	-	13,099,163
Less Accumulated Depreciation for:				
Buildings & Fixed Equipment	(812,001)	(132,160)	-	(944,161)
Improvements Other Than Buildings	(221,869)	(52,627)	-	(274,496)
Furniture, Fixtures and Equipment	(181,612)	(14,702)	-	(196,314)
Motor Vehicles	(21,198)	(673)	-	(21,871)
Assets Under Capital Lease	(263,297)	-	-	(263,297)
Total Accumulated Depreciation	(1,499,977)	(200,162)	-	(1,700,139)
Governmental Activities Capital Assets, net	\$ 5,941,048	\$ 5,457,976	\$ -	\$ 11,399,024

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



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**6. NOTE PAYABLE**

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

	Balance at 6-30-21
<u>Promissory Note</u>	
<u>Equitable Facilities Fund, Inc.</u>	
\$10,682,688, 3.7% fixed rate promissory note requiring monthly interest only payments through August 2021, and principal and interest payments through August 2050. In the event of default, the outstanding principal amount together with accrued interest and all other expenses, including without limitation, reasonable attorneys' fees, shall immediately become due and payable at the option of the holder of this note, notwithstanding the maturity date.	\$ 10,682,688
Total Note Payable	\$ 10,682,688

Amounts payable for the note payable are as follows:

Fiscal Year	Total	Principal	Interest
Ending June 30			
2022	\$ 566,875	\$ 174,016	\$ 392,859
2023	601,197	216,015	385,182
2024	601,198	224,145	377,053
2025	601,197	232,580	368,617
2026	601,197	241,333	359,864
2027-2031	3,005,986	1,349,931	1,656,055
2032-2036	3,005,986	1,623,800	1,382,186
2037-2041	3,005,986	1,953,230	1,052,756
2042-2046	3,005,985	2,349,493	656,492
2047-2050	2,504,987	2,318,145	186,842
Total	\$ 17,500,594	\$ 10,682,688	\$ 6,817,906

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**7. 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	\$ 3,429,422	\$ 10,682,688	\$ (3,429,422)	\$ 10,682,688	\$ 174,016
Total Governmental Activities	<u>\$ 3,429,422</u>	<u>\$ 10,682,688</u>	<u>\$ (3,429,422)</u>	<u>\$ 10,682,688</u>	<u>\$ 174,016</u>

**8. DEBT SERVICE CONENANTS**

Commencing on June 30, 2021 and each fiscal year thereafter, the School is required to disclose its debt service coverage ratio and days cash on hand as described in the Loan Agreement. The minimum debt service coverage ratio requirement for the School is 1.1 to 1 and the cash on hand requirement shall be an amount not less than 30 days. As of June 30, 2021 the School’s debt service coverage ratio was 1.53, and days cash on hand was 32.07.

**9. 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.

**10. FUNDING AND CREDIT 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.

**11. DEBT FORGIVENESS**

The School was granted a loan from TD Bank, N.A. in April 2021 in the amount of \$400,000, 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 June 2021. Revenue of \$400,000 was recorded in the statement of activities and other financing sources in the statement of revenues, expenditures and changes in fund balances – governmental funds as Special Item – Forgiveness of Debt.

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**12. SCHEDULE OF STATE REVENUE SOURCES**

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

Source	Amount
Florida Education Finance Program	\$ 5,456,837
Categorical Programs:	
Class Size Reduction	1,024,138
Charter School Capital Outlay	476,301
Miscellaneous	233,898
Total State Revenue	\$ 7,191,174

As provided in the charter school contract, the District has charged the School an administrative fee totaling \$34,377.

Accounting policies relating to certain State revenue sources are described in Note 1.

**13. INTERFUND TRANSFERS AND RECEIVABLES/PAYABLES**

During the 2021 fiscal year, the General Fund transferred \$6,910,282 to the capital projects fund for capital expenditures and transferred \$4,170,374 to the Debt Service Fund for monthly debt service associated with the School's long-term note payable. The amounts of interfund transfers are netted together and not reported in the statement of activities.

At June 30, 2021, the School's Special Revenue Fund owed the General Fund \$234,039 for grant expenditures awaiting reimbursement from other agencies. These amounts are netted together and not reported in the Statement of Net Position.

**14. RETIREMENT PLAN**

The School participates in a defined contribution tax sheltered annuity 401(k) plan for its employees. Contributions made by the School for the year ended June 30, 2021, were computed at 4% of eligible employee's wages. Employees are eligible to participate after one year of service. Contributions are directed to individual employee's accounts, and the individual employees allocate contributions and account balances among various available investment choices, therefore, the School has no liability for the administration or payments of benefits of the plan, and accordingly, the present value of the related benefits is not reflected in these financial statements. The rate of contribution is set annually by the School's Board of Directors.

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**15. 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.

**16. 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.

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

	General Fund				Special Revenue Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Revenues:</b>								
Intergovernmental:								
Federal Through State and Local	\$ -	\$ -	\$ -	\$ -	\$ 195,000	\$ 428,819	\$ 428,819	\$ -
State	5,931,000	6,714,873	6,714,873	-	-	-	-	-
Local and Other	929,000	831,509	831,509	-	-	-	-	-
Total Revenues	<u>6,860,000</u>	<u>7,546,382</u>	<u>7,546,382</u>	<u>-</u>	<u>195,000</u>	<u>428,819</u>	<u>428,819</u>	<u>-</u>
<b>Expenditures:</b>								
Current - Education:								
Instruction	3,652,117	4,271,579	4,271,579	-	-	98,406	98,406	-
Student Support Services	-	61,093	61,093	-	-	-	-	-
School Administration	1,813,891	1,297,269	1,297,269	-	195,000	160,862	160,862	-
Facilities Acquisition & Construction	250,000	19,586	19,586	-	-	88,733	88,733	-
Fiscal Services	-	34,337	34,337	-	-	-	-	-
Student Transportation	17,204	81,659	81,659	-	-	-	-	-
Operation of Plant	352,735	325,728	325,728	-	-	7,575	7,575	-
Maintenance of Plant	-	43,163	43,163	-	-	-	-	-
Administrative Technology Services	138,393	82,452	82,452	-	-	73,243	73,243	-
Community Service	518,285	786,062	786,062	-	-	-	-	-
Fixed Capital Outlay:								
Other Capital Outlay	101,000	69,545	69,545	-	-	-	-	-
Total Expenditures	<u>6,843,625</u>	<u>7,072,473</u>	<u>7,072,473</u>	<u>-</u>	<u>195,000</u>	<u>428,819</u>	<u>428,819</u>	<u>-</u>
Excess (Deficiency) of Revenues								
Over Expenditures	<u>16,375</u>	<u>473,909</u>	<u>473,909</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses):								
Proceeds from Debt	-	10,682,688	10,682,688	-	-	-	-	-
Special Item - Forgiveness of Debt	-	400,000	400,000	-	-	-	-	-
Transfers (Out)	-	(11,080,656)	(11,080,656)	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>2,032</u>	<u>2,032</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	16,375	475,941	475,941	-	-	-	-	-
Fund Balances, July 1, 2020	(44,391)	(44,391)	(44,391)	-	-	-	-	-
Fund Balances, June 30, 2021	<u>\$ (28,016)</u>	<u>\$ 431,550</u>	<u>\$ 431,550</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Independent Auditor's Report

**CREATION FOUNDATION, INC.**  
**D/B/A DAYSPRING ACADEMY FOR EDUCATION AND THE ARTS**  
**A Charter School and Component Unit of the District School Board of Pasco 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:  
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**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 Creation Foundation, Inc.  
d/b/a Dayspring Academy for Education and the Arts,  
a Charter School and Component Unit of the  
District School Board of Pasco 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 Creation Foundation, Inc. d/b/a Dayspring Academy for Education and the Arts ("School"), a charter school and component unit of the District School Board of Pasco 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 August 16, 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.

August 16, 2021  
Tampa, Florida





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**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 Creation Foundation, Inc.  
d/b/a Dayspring Academy for Education and the Arts,  
a Charter School and Component Unit of the  
District School Board of Pasco County, Florida

**Report on the Financial Statements**

We have audited the financial statements of Creation Foundation, Inc. d/b/a Dayspring Academy for Education and the Arts (“School”), a Charter School and Component Unit of the District School Board of Pasco County Florida, as of and for the fiscal year ended June 30, 2021, and have issued our report thereon dated August 16, 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 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 August 16, 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 is Dayspring Academy for Education and the Arts, 514301.

### **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 not have any such recommendations.

### **Transparency**

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

### **Additional Matters**

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

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 Pasco County, Florida and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,



August 16, 2021  
Tampa, Florida