
ED VENTURE CHARTER SCHOOL, INC.

INDEPENDENT AUDITOR'S REPORT

AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

MARK ESCOFFERY, P.A.
CERTIFIED PUBLIC ACCOUNTANT

ED VENTURE CHARTER SCHOOL, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board Members of
Ed Venture Charter School, Inc.
Hypoluxo, Florida

I have audited the accompanying Financial Statements of the governmental activities, and each major fund, of Ed Venture Charter School, Inc. ("the School") (a nonprofit organization) as of and for the year ended June 30, 2021, which collectively comprise the School's basic financial statements as listed in the foregoing Table of Contents. These financial statements are the responsibility of the Management of the School. My responsibility is to express an opinion on these financial statements based on my audit.

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 misstatements, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

To The Board Members of
Ed Venture Charter School, Inc.
Hypoluxo, Florida
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Opinion

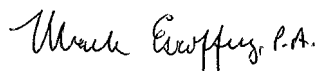
In my opinion, the financial statements referred to above and the Statement of Revenues, Expenditures and Changes in Fund Balance-Budget (GAAP Basis) and Actual-All Governmental Fund Types present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund, of the School as of June 30, 2021, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with ***Government Auditing Standards***, I have also issued my report dated September 17, 2021, on my consideration of the School's internal control over financial reporting and my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with ***Government Auditing Standards*** and should be considered in assessing the results of my audit.

Other Matters

Report on Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information on pages 3 through 6 and 13 are presented to supplement the basic financial statements. Such information although not part of the basic financial statements, is required by the Governmental Accounting Standard Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America., which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.



Palm Beach Gardens, Florida
September 17, 2021

ED VENTURE CHARTER SCHOOL, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021

Our discussion and analysis of the Ed Venture Charter School, Inc.'s ("the School") financial program provides an overview of the School's financial activities for the year ended June 30, 2021.

Because the information contained in this discussion is intended to highlight significant transactions, it should be read in conjunction with the School's financial statements, which begin on page 7.

For financial statement purposes the School is not considered a component unit of the School District of Palm Beach County, which is a primary government entity for financial reporting. The School included separate statements for the Governmental Fund (General Fund) Balance Sheet and the Statement of Revenue, Expenditures and Changes in Fund Balance. The Statement of Net Position and the Statement of Activities report provide information on the activities of the School. The Fund Financial Statements reflect financing activities of the School by providing information on inflows and outflows of spendable resources.

NON-FINANCIAL HIGHLIGHTS

The School's average daily enrollment in fiscal 2020-2021 was 84 students. The School expects to have 75 students for the 2021-2022 school year.

OVERVIEW OF THE FINANCIAL STATEMENTS

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the School's financial position. Included in these statements are all assets and liabilities using the accrual basis of accounting. All of the current year's revenues and expenses are recorded when earned or incurred.

The Statement of Net Position presents information on all of the School's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School is improving or deteriorating.

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

Fund Financial Statements

A *Fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives.

ED VENTURE CHARTER SCHOOL, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021

OVERVIEW OF THE FINANCIAL STATEMENTS (Cont'd.)

Governmental Funds – All of the School's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School's governmental activities and the basic services it provides.

Notes to the Financial Statements

The *Notes to the Financial Statements* provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages 14-223 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the School's financial position. The School's assets exceeded liabilities by \$1,120,859 at June 30, 2021.

NET ASSETS

	<u>JUNE 30, 2021</u>	<u>JUNE 30, 2020</u>
Current and Other Assets	\$ 1,178,443	\$ 943,295
Capital Assets	65,979	62,920
Total Assets	<u>\$ 1,244,422</u>	<u>\$ 1,006,215</u>
Other Liabilities	\$ 123,563	\$ 216,575
Total Liabilities	<u>\$ 123,563</u>	<u>\$ 216,575</u>
Investment in Capital Assets	\$ 65,979	\$ 62,920
Unrestricted Assets	1,054,880	726,720
Total Net Position	<u>\$ 1,120,859</u>	<u>\$ 789,640</u>

Revenues from governmental activities totaled \$2,087,542 for the year ended June 30, 2021. The main source of revenue is from Florida Education Finance Program (FEFP). This revenue amounted to \$1,597,020 and represented approximately 76.5% of total revenue from governmental activities.

<u>Revenue Source</u>	<u>6/30/21</u>	<u>% of Total 6/30/21</u>	<u>6/30/20</u>	<u>% of Total 6/30/20</u>
State Sources	\$ 1,678,006	78.6	\$ 1,607,161	90.1
Federal Sources	409,536	19.2	157,220	8.8
Local Sources	45,473	2.2	17,663	1.1
Total	<u>\$ 2,133,015</u>	<u>100.0</u>	<u>\$ 1,782,044</u>	<u>100.0</u>

ED VENTURE CHARTER SCHOOL, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd)

Federal revenue sources are primarily from the IDEA Grant.

Local revenue sources are primarily food sales and income from grants, bequests and investments.

Expenses for major functions of the School are shown in the following table:

<u>Expense</u>	<u>% of Total</u>		<u>% of Total</u>	
	<u>6/30/21</u>	<u>6/30/21</u>	<u>6/30/20</u>	<u>6/30/20</u>
Instruction	\$ 827,643	46.0	\$ 728,975	45.0
Instructional Support Services	163,086	9.1	142,296	8.8
School Administration	359,751	20.0	372,392	23.0
General Administration	53,460	3.0	28,387	1.8
Facilities Acquisition	173,711	9.6	173,080	10.7
Board Services	8,052	0.4	8,813	0.5
Fiscal Services	14,400	0.8	14,350	0.9
Food Services	21,876	1.2	30,811	1.9
Pupil Transportation	27,181	1.7	27,181	1.7
Operation of Plant	117,671	4.2	70,477	4.2
Maintenance of Plant	13,225	0.8	13,225	0.8
Depreciation	10,863	0.7	10,863	0.7
Total	\$ 1,801,795	100.0	\$ 1,620,850	100.0

BUDGETARY HIGHLIGHTS

Federal and State revenues were approximately the same as budgeted. Similarly, there was no significant variance in budgeted and actual local revenues.

Actual expenses were less than budgeted by approximately \$66,000. This was due to the covid pandemic which caused a reduction in expenses across the board.

There was no significant financial or economic impact on the school during the year because of the pandemic.

Total fund balance of the General Fund was \$1,054,880 at June 30, 2021.

ED VENTURE CHARTER SCHOOL, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021

CAPITAL ASSETS

The School's investment in capital assets at June 30, 2021 was \$65,979 (net of depreciation). The investment includes furniture and equipment, vehicle, leasehold improvements and computer software. The following is a summary of capital assets balances at June 30, 2021.

Furniture & Equipment	\$ 166,272
Vehicle	36,000
Leasehold Improvements	108,580
Computer Software	26,815
	<hr/> 337,667
Less Accumulated Depreciation	271,688
	<hr/> \$ 65,979 <hr/>

NOTE PAYABLE

The school applied for and received a loan of \$173,400 from the Small Business Administration Payroll Protection Program (PPP). The funds are to be used for payroll, health insurance, and rent. The loan will be forgiven if used within twenty-four (24) weeks from the date of receipt of the funds. The loan was forgiven on March 24, 2021.

PROSPECTS FOR THE FUTURE

The School continues to receive funds from State sources in the form of Florida Education Finance Program Fees (FEFP). The fees are evaluated in October and February and are based on student enrollment.

- The School is projecting 85 students for the 2021-2022 School Year.
- The School Administration believes that the School will continue to progress, contribute to the educational needs of the mentally and emotionally challenged youths of Palm Beach County.

REQUESTS FOR INFORMATION

The Management Discussion and Analysis provides a general overview of the finances of the School. Requests for additional information should be addressed to Barbara Fitz, Executive Director, at 117 E. Coast Avenue, Hypoluxo, Florida 33462.

ED VENTURE CHARTER SCHOOL, INC.
Governmental Fund Balance Sheet
June 30, 2021

	<u>Governmental Funds</u>	<u>Special Revenue</u>	<u>Capital Outlay</u>	<u>Total</u>
ASSETS				
Cash	\$244,877			\$244,877
Investments	720,727			720,727
Grant Receivable	388	66,798	3,994	71,180
Inventory	3,824			3,824
Prepayments	40,668			40,668
Deposits	26,375			26,375
Due from other funds	70,792			70,792
Total Assets	<u><u>\$ 1,107,651</u></u>	<u><u>\$ 66,798</u></u>	<u><u>\$ 3,994</u></u>	<u><u>\$ 1,178,443</u></u>
LIABILITIES				
Accounts Payable	17,418			17,418
Accrued Payroll Liabilities	35,353			35,353
Due to internal funds		66,798	3994	70,792
Total Liabilities	<u><u>52,771</u></u>	<u><u>66,798</u></u>	<u><u>3,994</u></u>	<u><u>123,563</u></u>
FUND BALANCE				
Nonspendable				
Unassigned	1,054,880			1,054,880
	<u><u>1,054,880</u></u>	<u><u>-</u></u>	<u><u></u></u>	<u><u>1,054,880</u></u>
Total Liabilities and Fund Balance	<u><u>\$ 1,107,651</u></u>	<u><u>\$ 66,798</u></u>	<u><u>\$ 3,994</u></u>	<u><u>\$ 1,178,443</u></u>

The accompanying notes are an integral part of this statement

ED VENTURE CHARTER SCHOOL, INC.
STATEMENT OF NET POSITION
For the Year ended June 30, 2021

ASSETS	Account Number	Primary Government		
		Governmental Activities	Business-type Activities	Total
Cash and Cash Equivalents	1110	244,877		244,877
Grant Receivables, net	1130	71,180		71,180
Due from internal funds	1142	70,792		70,792
Inventory	1150	3,824		
Investments	1160	720,727		720,727
Deposits receivable	1210	26,375		26,375
Deferred Charges:				
Prepaid items	1230	40,668		40,668
Capital Assets:				
Buildings and Fixed equipment	1330	108,580		108,580
Less Accumulated Depreciation	1329	(67,910)		(67,910)
Furniture, Fixtures and equipment	1340	166,272		153,854
Less Accumulated Depreciation	1349	(145,963)		(145,963)
Motor Vehicles	1350	36,000		36,000
Less Accumulated Depreciation	1359	(31,000)		(31,000)
Computer Software	1382	26,815		26,815
Less Accumulated Depreciation	1389	(26,815)		(26,815)
Total Assets		1,244,422		1,244,422
LIABILITIES				
Salaries and Wages Payable	2110	35,353		35,353
Payroll Deductions and Withholdings	2170			-
Accounts Payable	2120	17,418		17,418
Due to internal funds	2162	70,792		70,792
Noncurrent Liabilities:				
Portion Due Within One Year:				
	2320			-
Deferred Revenue	2410			
Total Liabilities		123,563		123,563
NET POSITION				
Invested in Capital Assets, Net of Related Debt		65,979		65,979
Restricted For:				
Categorical Carryover Programs	2710			
Debt Service	2750			
Unrestricted		1,054,880		1,054,880
Total Net Position		1,120,859		1,120,859

The accompanying notes are an integral part of this statement

ED VENTURE CHARTER SCHOOL, INC.
Reconciliation of the Governmental Fund (General Fund)
Balance Sheet To The Statement of Net Position
June 30, 2021

Fund Balance- Governmental Funds	\$ 1,054,880
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Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds

Governmental capital assets	\$ 337,667	
Less accumulated depreciation	<u>(271,688)</u>	
		65,979

Net Position of Governmental activities	<u><u>\$ 1,120,859</u></u>
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The accompanying notes are an integral part of this statement

ED VENTURE CHARTER SCHOOL, INC.
Statement of Governmental Fund (General Fund) Revenues, Expenditures and
Changes in Fund Balance
Year Ended June 30, 2021

	Governmental <u>Funds</u>	Special <u>Revenue</u>	Capital <u>Outlay</u>	<u>Total</u>
EXPENSES				
Instruction	\$ 616,241	\$ 211,402		\$ 827,643
Instructional support services	138,352	24,734		163,086
Board Services	8,052			8,052
General Administration	53,461			53,461
School Administration	366,246			366,246
Facilities Acquisition	119,500		54,211	173,711
Fiscal Services	14,400			14,400
Food services	21,877			21,877
Pupil Transportation Services	14,050			14,050
Operation of Plant	124,424			124,424
Maintenance of Plant	29,030	8,875		37,905
TOTAL EXPENSES	<u>1,505,633</u>	<u>245,011</u>	<u>54,211</u>	<u>1,804,855</u>
PROGRAM REVENUES				
Florida Education Finance Program (FEFP)	1,597,020			1,597,020
Capital grants and contributions			54,211	54,211
Total program revenues	<u>1,597,020</u>	<u></u>	<u>54,211</u>	<u>1,651,231</u>
GENERAL REVENUES:				
Other state sources		26,775		26,775
Other federal sources	173,400	236,136		409,536
Other local sources	45,473			45,473
Total general revenues	<u>218,873</u>	<u>262,911</u>	<u>-</u>	<u>481,784</u>
Excess of expenses over revenues	310,260	17,900	-	328,160
Fund Balance, Beginning of Year	<u>726,720</u>			<u>726,720</u>
Fund Balance, End of Year	<u><u>\$ 1,036,980</u></u>	<u><u>\$ 17,900</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,054,880</u></u>

The accompanying notes are an integral part of this statement

ED VENTURE CHARTER SCHOOL, INC.
STATEMENT OF ACTIVITIES
For the year ended June 30, 2021

FUNCTIONS	Account Number	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:								
Instruction	5000	\$827,643		\$211,402		(\$616,241)		\$ (616,241)
Instructional support services	6100	163,086		24,734		(138,352)		(138,352)
Board Services	7100	8,052				(8,052)		(8,052)
General Administration	7200	53,460				(53,460)		(53,460)
School Administration	7300	359,751				(359,751)		(359,751)
Facilities Acquisition	7400	173,711			54,211	(119,500)		(119,500)
Fiscal Services	7500	14,400				(14,400)		(14,400)
Food services	7600	21,876				(21,876)		(21,876)
Pupil Transportation Services	7800	14,051				(14,051)		(14,051)
Operation of Plant	7900	117,671				(117,671)		(117,671)
Maintenance of Plant	8100	36,410		8,875		(27,535)		(27,535)
Unallocated depreciation		11,684				(11,684)		(11,684)
Total governmental activities		\$ 1,801,795		236,136	54,211	(1,502,573)		(1,502,573)

General Revenues:

Taxes:

Florida education Finance Program (FEFP)

Grants and contributions not restricted to specific programs

Investment earnings

Miscellaneous

Special item

Total general revenues, special items, and transfers

Change in net position

Net position-beginning

Net position-ending

1,593,300		1,593,300
		-
363		363
66,730		66,730
173,400		173,400
1,833,793		1,833,793
331,219		331,219
789,640		789,640
\$ 1,120,859		\$ 1,120,859

The accompanying notes are an integral part of this statement

ED VENTURE CHARTER SCHOOL, INC.
Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances
of Governmental Fund (General Fund) To The
Statement of Activities
June 30, 2021

Net Changes in Fund Balances- Governmental Funds	\$328,160
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Amounts reported for governmental activities in the statement of net position are different because:

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is depreciated over their estimated useful lives.

Expenditures for capital assets	14,743	
Less current year depreciation	(11,684)	
		3,059

Revenues reported in the statement of Activities that do not provide current financial resources and are not reported as revenues in the Government funds

Adjustments to net position	(17,900)
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Change in Net Position of Governmental Activities	<u><u>\$313,319</u></u>
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The accompanying notes are an integral part of this statement

ED VENTURE CHARTER SCHOOL, INC.
Statement of Revenues, Expenditures and Changes
In Fund Balance-Budget (GAAP Basis) and Actual
All Governmental Fund Types
Year Ended June 30, 2021

	Governmental Funds			Special Revenue			Capital Outlay			Total		
	Final Budget	Actual	Variance	Final Budget	Actual	Variance	Final Budget	Actual	Variance	Final Budget	Actual	Variance
EXPENDITURES:												
Instruction	\$613,937	\$616,241	\$2,304	\$211,402	\$211,402	\$ -				\$825,339	\$827,643	\$2,304
Instructional support services	98,815	138,352	39,537	\$24,734	24,734	-				123,549	163,086	39,537
Board Services	7,796	8,052	256							7,796	8,052	256
General Administration	50,056	53,461	3,405							50,056	53,461	3,405
School Administration	473,033	366,246	(106,787)							473,033	366,246	(106,787)
Facilities Acquisition	172,368	119,500	(52,868)				54,210	54,211	-	226,578	173,711	(52,867)
Fiscal Services	14,350	14,400	-							14,350	14,400	50
Food services	30,802	21,877	-							30,802	21,877	(8,925)
Pupil Transportation Services	27,181	14,050	(13,131)							27,181	14,050	(13,131)
Operation of Plant	70,476	124,424	53,948							70,476	124,424	53,948
Maintenance of Plant	13,225	29,030	15,805	8,875	8,875					22,100	37,905	15,805
TOTAL EXPENDITURES	1,572,039	1,505,633	(57,531)	245,011	245,011	-	54,210	54,211	-	1,871,260	1,804,855	(66,405)
PROGRAM REVENUES:												
Florida Education Finance Program (FEFP)	1,597,020	1,597,020	-							1,597,020	1,597,020	-
Capital grants and contributions							54,210	54,211	1	54,210	54,211	1
	1,597,020	1,597,020	-				54,210	54,211	1	1,651,230	1,651,231	1
GENERAL REVENUES:												
Other state sources				26,775	26,775					26,775	26,775	-
Other federal sources	173,400	191,300	17,900	236,136	218,236	(17,900)				409,536	409,536	-
Other local sources	45,473	45,473	-							45,473	45,473	-
	218,873	236,773	17,900	262,911	245,011	(17,900)	-	-	-	481,784	481,784	-
Excess of expenditures over revenues	\$243,854	328,160	75,431	\$ 17,900	\$ -	\$ (17,900)	\$ -	\$ -	\$ 1	\$ 261,754	\$328,160	66,405
Fund Balance, beginning of year		726,720									726,720	
Fund Balance, end of year		\$1,054,880			\$ -						\$1,054,880	

The accompanying notes are an integral part of this statement

**ED VENTURE CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Ed Venture Charter School, Inc. (“the School”) was established as a nonprofit organization in 1997 for the purpose of educating and teaching job skills to individuals with chronic, severe mental and emotional health disorders under the laws of the State of Florida and is the reporting entity.

The School District of Palm Beach County granted a Contract (“the Contract”) to the School to operate a Charter School pursuant to ***Florida Statute 228.056 (7)***. Under the Contract the School provides academic instruction and job training to school age children who meet the criteria for Exceptional Student Education and are between the ages of 14 and 22 and reside in Palm Beach County. For financial statement purposes, the School is not considered a component unit of the School District of Palm Beach County, which is a primary government entity for financial reporting.

The School District of Palm Beach County received an administrative fee based upon 5% of the Florida Education Finance Program (FEFP) revenue calculated as adjusted for unweighted FTE for up to 250 students for schools with 75% or more ESE students.

The Contract was renewed and is effective through June 30, 2024. The Contract requires the School District to provide the School’s primary source of funding based upon the number of full-time equivalent students (FTES) registered at the School.

The School is a tax exempt organization under 501(C)(3) of the Internal Revenue Code.

The School’s financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Government Accounting Standards Board (GASB) is responsible for establishing GAAP for school districts through its pronouncements (statements and interpretations). The more significant accounting policies established in GAAP and used by the School are discussed below.

Basic Financial Statements

The School’s basic financial statements are the Statements of Net Position and the Statement of Activities. The activities of the School are classified as governmental type activities. All the School’s governmental activities are included in the general fund, special revenue fund, and capital outlay fund. There are no other major funds. In the Statement of Net Position, the governmental activities column is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt obligations. The School’s net position are reported in three parts – invested in capital assets, net of related debt; restricted for categorical carryover programs, debt service; and unrestricted net position.

ED VENTURE CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basic Financial Statements (Cont'd.)

The Statement of Activities reports both the gross and net cost of each of the School's functions. The functions are also supported by government revenues such as Florida Education Finance Program (FEFP), Federal, and State Grants. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (after school and youth services, etc.).

Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

Fund Financial Statements

Fund financial statements are provided for governmental funds. The operations of the funds are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues and expenditures. Major individual governmental funds are reported as separate columns in the fund financial statements.

General Fund – is the School's primary operating fund. It accounts for all financial resources of the School, except those required to be accounted for in another fund.

Special Revenue Fund – accounts for specific revenue, such as federal grants that are legally restricted to expenditures for particular purposes.

Capital outlay fund – accounts for specific revenue received from the State of Florida that is used in the purchase, construction or lease of real property.

Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounting and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

The School's basic financial statements include government-wide and fund financial statements (reporting the major fund) as well as notes to the financial statements. The School's primary activities are classified as governmental activities.

ED VENTURE CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accrual

The governmental type activities in the financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. When both restricted and unrestricted resources are available for use, it is the policy of the School to use restricted resources first, and then use unrestricted resources as they are needed.

Measurement Focus

The accounting and financial reporting treatment is determined by applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources (current assets less current liabilities) or economic resources (all assets and liabilities).

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet and operating statements present increases (i.e. revenues) and decreases (i.e. expenses) in net position.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e. revenues and other financing sources) and decreases (i.e. expenditures and other financial uses) in net current assets.

Under the modified accrual basis of accounting, revenues are recognized when they become measurable and available to finance expenditures of the fiscal period. For this purpose, the School considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles include the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

ED VENTURE CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Concentration of Credit Risk

Financial instruments that subject the School to concentrations of credit risk include cash deposits. While the School attempts to limit its financial exposure, its cash balances may at times exceed federally insured limits of \$250,000. The School has not experienced any losses on such balances.

Cash deposits are held at banks qualified as public depositories under Florida law. The School has complied with the investment criterion as defined by *Florida Statute 218.415*.

Fair Value Measurements

The Fair Value Measurements Topic of the FASB Accounting Standards Codification defines fair value, establishes a consistent framework for measuring fair value and expands disclosure requirements for fair value measurements.

The School measures the fair value of assets and liabilities as the price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market in an orderly transaction between market participants at the measurement date. The fair value hierarchy distinguishes between independent observable inputs and unobservable inputs used to measure fair value as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2: Inputs other than quoted market prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for an asset or liability. Level 3 inputs should be used to measure fair value to the extent that observable Level 1 or 2 inputs are not available.

Financial assets or liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the valuation of assets and liabilities and their placement within the fair value hierarchy levels.

**ED VENTURE CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Contributed Services and Facilities

The School does not recognize any support, revenue or expense from services contributed by individual volunteers since no objective basis is available to measure the value of such services. However, a substantial number of volunteers have donated significant amounts of time to the School's program services.

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 (i.e. salaries, purchased services, and capital outlay).

Capital Assets

Capital assets purchased or acquired with an original cost of \$750 or more are reported at historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Furniture, Fixtures and Equipment	5-10 Years
Leasehold Improvements	20 Years
Computer Equipment & Software	5-10 Years
Vehicles	5 Years

Revenue Sources

Revenues for operations are received primarily from the School District of Palm Beach County pursuant to the funding provisions included in the School's Charter. In accordance with the funding provisions of the Charter and Section 1002.33, Florida Statutes, the School will report the number of full-time equivalent (FTE) students and related data to the School District of Palm Beach County. Funding for the School is adjusted during the year to reflect the revised calculations by the Florida Department of Education under the Florida Education Finance Program and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey periods. In addition, the School receives an annual allocation of charter school capital outlay funds for leasing of school facility.

**ED VENTURE CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Balance Classifications

GASB requires the fund balance amounts to be properly reported within one of the fund balance categories listed below:

- a) **Nonspendable** fund balance includes amounts that are not in a spendable form such as inventories, prepaid expenses, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed or assigned). There was a nonspendable fund balance at year end.
- b) **Restricted** fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally, or through enabling legislation. There was no restricted fund balance at year end.
- c) **Committed** fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the School's highest level of decision making authority. There was no committed fund balance at year end.
- d) **Assigned** fund balance includes amounts intended to be used by the School's Management for specific purposes but which does not meet the criteria to be classified as restricted or committed. There was no assigned fund balance at year end.
- e) **Unassigned** fund balance includes amounts that are available for any purpose. These amounts are reported only in the general fund. There was an unassigned fund balance at year end.

Order of Fund Balance Spending Policy

The School's policy is to apply expenditures against nonspendable fund balance, followed in order by restricted fund balance, committed fund balance, assigned fund balance, and lastly unassigned fund balance at the end of the fiscal year. The School's Board of Directors can deviate from this policy if it is in the best interest of the School.

ED VENTURE CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 2 – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2021, were as follow:

	Beginning Balance	Additions	Disposals	Ending
Furniture and Equipment	\$ 153,854	\$ 14,743	\$ 2,325	\$ 166,272
Leasehold Improvements	108,580	-	-	108,580
Vehicles	36,000	-	-	36,000
Computer Software	35,095	-	8,280	35,095
	<u>\$ 333,529</u>	<u>\$ 14,743</u>	<u>10,605</u>	<u>\$ 333,529</u>
Less Accumulated Depreciation	270,609	11,684	10,605	271,688
NET CAPITAL ASSETS	<u>\$ 62,920</u>	<u>\$ 3,059</u>	<u>\$ -</u>	<u>\$ 65,979</u>

Depreciation expense of \$11,684 was unallocated during the year ended June 30, 2021.

NOTE 3 – COMPENSATED ABSENCES

Employees of the School are entitled to paid vacation and sick days depending on length of services. The School's policy is to recognize the cost of vacation days when earned by the employees. The value of unused vacation days was determined to be immaterial and therefore no accrual has been made.

NOTE 4 – INVESTMENTS

Investments are stated at fair value and consist of U.S. equity securities and cash management funds.

<u>Investment Type</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Money Market	\$ 720,727	\$ 720,727	\$ -
	<u>\$ 720,727</u>	<u>\$ 720,727</u>	<u>\$ -</u>

Investment return is summarized as follows:

Interest Income	\$ 363
Unrealized (Loss) on Investments	-
Total Investment Gain	<u>\$ 363</u>

ED VENTURE CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 5 – LONG TERM LIABILITIES

During 2020, the School was granted a loan from PNC Bank in the aggregate amount of \$173,400, pursuant to the Paycheck Protection Program (“PPP”) under Division A, Title I of the CARES Act, which was enacted March 27, 2020.

The loan, which was in the form of a Note dated May 4, 2020 issued by PNC Bank matures on May 4, 2022 and bears an interest rate of 1% per annum. The School intends to use the entire Loan amount for qualifying expenses. Under the terms of the PPP, certain amounts of the loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. The loan is recorded as a current note payable at June 30, 2020. Revenue of \$173,400 was recorded when the loan was forgiven on March 24, 2021.

NOTE 6 – USE OF FACILITIES

The School leases its facilities under an Operating Lease Agreement that expired in June 2019. Rental expenses for the year ended June 30, 2021 was \$172,954. Future minimum rental payments, assuming the lease will be renewed, required under the Operating Lease Agreement are as follows:

June 30, 2022	173,000
June 30, 2023	173,000
June 30, 2024	173,000
June 30, 2025	173,000
June 30, 2026	173,000
	<u>\$ 865,000</u>

NOTE 7 – COMMITMENTS AND CONTINGENCIES

Risk Management

The School is exposed to various risks of loss related to theft, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The School purchases commercial insurance for all material risks of loss to which the School is exposed, including general liability, property, auto and workers compensation. A review of the past nine years reveals that settled claims have not exceeded insurance coverage.

The School receives funding from the State of Florida based on the number of full time equivalent (FTE) students who attend the Charter School. The data is compiled by the School and is subject to audit by the State and if errors are found this could result in amounts having to be repaid to the State or decrease in future allocations. Management believes that the amounts that would have to be remitted back to the State due to errors in their FTE count would not be material to the financial position of the School.

**ED VENTURE CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 8 – SUBSEQUENT EVENTS

Management has evaluated events that occurred subsequent to the year end for potential recognition or disclosure in the financial statements, through the date on which the financial statements were available to be issued. The date when the financial statements were available to be issued was September 17, 2021. Management's evaluation did not reveal any subsequent events that would have a material effect on the financial statements.

Mark Escoffery, P.A.

Certified Public Accountant

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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 Members of
Ed Venture Charter School, Inc.
Hypoluxo, Florida

I have audited the financial statements of Ed Venture Charter School, Inc., (“the School”) (a nonprofit organization) as of and for the year ended June 30, 2021, and have issued my report thereon dated September 17, 2021. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing my audit, I considered the School’s internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School’s internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the School’s internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented or detected and corrected on a timely basis.

My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

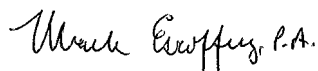
**REPORT ON INTERNAL CONTROL OVER FINANCIAL RERPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNEMNT AUDITING STANDARDS (Continued)**

To the Members of the Board of
Ed Venture Charter School, Inc.
Hypoluxo, Florida
Page 2

Compliance and Other Matters

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

This report is intended solely for the information and use of the Board Members, Management, others within the School and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Palm Beach Gardens, Florida
September 17, 2021

Mark Escoffery, P.A.

Certified Public Accountant

8645 N. Military Trail
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Palm Beach Gardens, FL 33410

Tel (561) 627-1404
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MANAGEMENT LETTER

To the Board Members of
Ed Venture Charter School, Inc.
Hypoluxo, Florida

Report on the Financial Statements

I have audited the financial statements of Ed Venture Charter School Inc., Florida, (“the School”) as of and for the fiscal year ended June 30, 2021, and have issued my report thereon dated September 17, 2021.

Auditor’s Responsibility

I conducted my 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 Reports and Schedules

I have issued my Independent Auditor’s Report on Internal Control over Financial Report and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing standards*.

Prior Audit Findings

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

Official Title

Section 10.854(1)(e)5., Rules of the Auditor General, requires the name or official title of the entity. The official title of the entity is Ed Venture Charter School, Inc.

MANAGEMENT LETTER
(Continued)

Financial Condition

Section 10.854(1)(e)2., Rules of the Auditor General, requires a that I report the results of my determination as to whether or not the Ed Venture Charter school, Inc. has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with my audit, I determined that the Ed Venture Charter School, Inc. 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, I applied financial condition assessment procedures for the Ed Venture Charter School, Inc. It is management's responsibility to monitor the Ed Venture Charter School, Inc.'s financial condition, and my financial condition assessment was based in part on representations made by management and the review of financial information provided by same. Financial assessments made did not indicate that the Ed Venture Charter School, Inc.'s financial condition is deteriorating.

Transparency

Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require that I report the results of my determination as to whether the Ed Venture Charter School, Inc. maintains on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with my audit, I determined that the Ed Venture Charter School, Inc. maintained on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes.

Other Matters

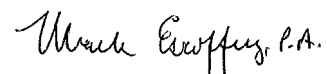
Section 10.854(1)(e)3., Rules of the Auditor General, requires that I address in the management letter any recommendations to improve financial management. In connection with my audit, I did not have any such recommendations.

Section 10.854(1)(e)4., Rules of the Auditor General, requires that I 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 my audit, I did not have any such findings.

Purpose of this Letter

My 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 Palm Beach County School District and is not intended to be and should not be used by anyone other than these specified parties.

Mark Escoffery, P.A.
September 17, 2021

Mark Escoffery, P.A.