
GLADES ACADEMY, INC.
INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

MARK ESCOFFERY, P.A.
CERTIFIED PUBLIC ACCOUNTANT

GLADES ACADEMY, INC.

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor’s Report	1-2
Management’s Discussion and Analysis	3-6
Governmental Fund (General Fund) Balance Sheet	7
Statement of Net Position	8
Reconciliation of the Governmental Fund (General Fund) Balance Sheet to the Statement of Net Position	9
Statement of Governmental Fund Revenues, Expenditures and Changes in Fund Balances	10
Statement of Activities	11
Reconciliation of Statement of Revenues, Expenditures And Changes in Fund Balance of Governmental Fund (General Fund) to the Statement of Activities	12
Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget (GAAP Basis) and Actual – All Governmental Fund Types	13
Notes to Financial Statements	14-21
Report on Internal Control Over Financial Reporting And on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>.	22-23
Management Letter	24-25

Mark Escoffery, P.A.

Certified Public Accountant

8645 N. Military Trail
Suite 503
Palm Beach Gardens, FL 33410

Tel (561) 627-1404
Fax (561) 627-3844

INDEPENDENT AUDITOR'S REPORT

To the Board Members of Glades Academy, Inc.
Pahokee, Florida

I have audited the accompanying Financial Statements of the governmental activities, and each major fund, of Glades Academy, Inc. ("the Academy") (a nonprofit organization) as of and for the year ended June 30, 2021, which collectively comprise the Academy's basic financial statements as listed in the foregoing Table of Contents. These financial statements are the responsibility of the Management of the Academy. 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 policies 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 that I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

To the Board Members of Glades Academy, Inc.
Pahokee, Florida
Page 2

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 Academy 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 13, 2021, on my consideration of the Academy'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 and 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 13, 2021

GLADES ACADEMY, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021

Our discussion and analysis of the Glades Academy, Inc.'s ("the Academy") financial program provides an overview of the Academy'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 Academy's financial statements, which begin on page 7.

For financial statement purposes the Academy is not considered a component unit of the School District of Palm Beach County, which is a primary government entity for financial reporting. The Academy has 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 Academy. The Fund Financial Statements reflect financing activities of the Academy by providing information on inflows and outflows of spendable resources.

NON FINANCIAL HIGHLIGHTS

The Academy's daily enrollment for fiscal year ended June 30, 2021, was 238 students. This was approximately the same as budgeted. The Academy expects to have an enrollment of 240 students for the academic year 2021-2022.

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 Academy'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 Academy'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 Academy 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.

**GLADES ACADEMY, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

OVERVIEW OF THE FINANCIAL STATEMENTS (Cont'd.)

Fund Financial Statements (Cont'd.)

Governmental Funds – All of the Academy'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 Academy'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 14-21 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the Academy's financial position. The Academy's assets exceeded liabilities by \$552,045 at June 30, 2021.

NET ASSETS

	<u>JUNE 30, 2021</u>	<u>JUNE 30, 2020</u>
Current and Other Assets	\$ 734,360	\$ 797,534
Capital Assets	173,600	172,802
Total Assets	\$ 907,960	\$ 970,336
Other Liabilities	355,915	301,043
Total Liabilities	\$ 307,509	\$ 301,043
Investment in Capital Assets	\$ 173,600	\$ 172,802
Unrestricted	378,445	496,491
	\$ 552,045	\$ 669,293

Revenues from governmental activities totaled \$2,347,516 for the year ended June 30, 2021. The main source of revenue is from Florida Education Finance Program (FEFP). This revenue represented approximately 79.3% of total revenue.

GLADES ACADEMY, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd.)

<u>Revenue Source</u>	<u>6/30/21</u>	<u>% of Total</u> <u>6/30/21</u>	<u>6/30/20</u>	<u>% of Total</u> <u>6/30/20</u>
State Sources	\$ 2,019,485	80.8	\$ 1,978,963	83.0
Local Sources	150,899	6.0	1,746	0.1
Federal Sources	328,031	13.2	402,657	16.9
Total	\$ 2,498,415	100.0	\$ 2,383,366	100.0

Federal revenue sources are Title I and IDEA Grants. Increases in levels of expenses for major functions of the Academy are shown in the following table:

<u>Expense</u>	<u>6/30/21</u>	<u>% of Total</u> <u>6/30/21</u>	<u>6/30/20</u>	<u>% of Total</u> <u>6/30/20</u>
Instruction	\$ 1,514,842	57.9	\$ 1,484,130	54.1
Pupil Personnel				
Services	10,874	0.4	84,186	3.1
Board Services	647	-	20,855	0.8
General	93,602	3.6	90,166	3.3
Administration				
School	357,371	13.6	291,037	10.6
Administration				
Facilities Acquisition	68,714	2.7	104,331	3.8
Fiscal Services	73,826	2.8	71,213	2.6
Food Services	20,965	0.8	16,852	0.6
Central Services	12,101	0.5	12,601	0.5
Pupil Transportation	159,758	6.1	218,672	8.0
Operation of Plant	228,978	8.8	241,234	8.8
Maintenance of Plant	7,787	0.3	36,856	1.3
Administrative	34,208	1.3	43,515	1.6
Technology services				
Depreciation	31,990	1.2	25,520	0.9
Total	\$ 2,615,663	100.0	\$ 2,741,168	100.0

BUDGETARY HIGHLIGHTS

Revenue from Federal and State Sources was less than budget by approximately \$329,000 because the Academy had approximately 6 less students than budgeted, and the Academy did not receive \$310,000 in Special Revenue Funds budgeted.

Total expenditures were approximately \$311,000 less than budgeted, primarily because expenses for special revenue were included in the budget, but \$310,000 was not received.

Total fund balance of the General Fund at June 30, 2021 was \$378,445.

GLADES ACADEMY, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021

CAPITAL ASSETS

The Academy's investment in capital assets at June 30, 2021 was \$173,600 (net of Depreciation). The investment includes leasehold improvements and furniture and fixtures and equipment. The following is a summary of capital assets balances at June 30, 2021:

Leasehold Improvements	\$ 6,536
Furniture and Fixtures & Equipment	87,691
Motor Vehicles	299,805
	<u>394,032</u>
Less Accumulated Depreciation	220,432
	<u><u>\$ 173,600</u></u>

PROSPECTS FOR THE FUTURE

The Academy 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 Administration believes that the Academy will achieve a higher rating from the Department of Education.
- The Academy should achieve its budgeted amount of 240 students for the 2021-2022 academic year.
- The Administration believes that the Academy will continue to be successful and contribute to the educational requirements of Western Palm Beach County.

REQUESTS FOR INFORMATION

The Management Discussion and Analysis provides a general overview of the finances of the Academy. Requests for additional information should be addressed to Linda Barnes, Administrative Assistant, 7368 State Road 15, Bldg. E, Pahokee, Florida 33476.

GLADES ACADEMY, INC.
GOVERNMENTAL FUND BALANCE SHEET
June 30, 2021

	General Fund	Capital Outlay	Total
ASSETS			
Cash	\$494,930		\$494,930
Grant Receivable		12,785	12,785
Other Current Assets	34,240		34,240
Due from other funds		191,405	191,405
Deposits	1,000		1,000
Total Assets	\$530,170	\$204,190	\$734,360
LIABILITIES			
Accrued Salaries	67,467		67,467
Accounts Payable	87,274		87,274
Other liabilities	9,769		9,769
Due to Other funds	191,405		191,405
Total Liabilities	355,915		355,915
FUND BALANCE			
Nonspendable	34,240		34,240
Restricted		204,190	204,190
Unassigned	140,015		140,015
	174,255	204,190	378,445
Total Liabilities and Fund Balance	\$530,170	\$204,190	\$734,360

The accompanying notes are an integral part of this statement

GLADES ACADEMY, INC.
STATEMENT OF NET POSITION
June 30, 2021

ASSETS	Account Number	Primary Government		
		Governmental Activities	Business-type Activities	Total
Cash and Cash Equivalents	1110	494,930		494,930
Accounts Receivable, Net	1130	12,785		12,785
Restricted Assets:				
Other current assets	1150	34,240		34,240
Deposits	1210	1,000		1,000
Due from Other Funds	1140	191,405		191,405
Deferred Charges:				
Capital Assets:				
Buildings	1320	6,536		6,536
Less Accumulated Depreciation	1329	(3,867)		(3,867)
Furniture, Fixtures and equipment	1340	87,691		87,691
Less Accumulated Depreciation	1349	(61,505)		(61,505)
Motor Vehicles	1350	299,805		299,805
Less Accumulated Depreciation	1359	(155,060)		(155,060)
Computer Software	1382			
Less Accumulated Depreciation	1389			
Total Assets		907,960		907,960
LIABILITIES				
Salaries and Wages Payable	2110	67,467		67,467
Payroll Deductions and Withholdings	2170			
Accounts Payable	2120	87,274		87,274
Other Liabilities	2130	201,174		201,174
Noncurrent Liabilities:				
Portion Due Within One Year:				
Bonds Payable	2320			
Total Liabilities		355,915		355,915
NET POSITION				
Invested in Capital Assets, Net of Related Debt		173,600		173,600
Restricted For:				
Categorical Carryover Programs	2710			
Debt Service	2750			
Unrestricted		378,445		378,445
Total Net Position		552,045		552,045

The accompanying notes are an integral part of this statement

GLADES ACADEMY, INC.
Reconciliation of the Governmental Fund (General Fund)
Balance Sheet To The Statement of Net Position
June 30, 2021

Fund Balance- Governmental Funds		\$378,445
 Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds		
Governmental capital assets	\$394,032	
Less accumulated depreciation	<u>(220,432)</u>	
		<u>173,600</u>
 Net Position of Governmental activities		 <u><u>\$552,045</u></u>

The accompanying notes are an integral part of this statement

GLADES ACADEMY, INC.
Statement of Governmental Fund Revenues, Expenditures, and
Changes in Fund Balances
Year Ended June 30, 2021

	Governmental Funds	Special Revenue	Capital Outlay	Total
EXPENSES				
Instruction	\$1,212,447	\$302,395		\$1,514,842
Instructional Support Services	10,874			10,874
Board Services	647			647
General Administration	93,602			93,602
School Administration	357,371			357,371
Facilities acquisition	6,620		62,094	68,714
Fiscal Services	73,826			73,826
Food Services	20,965			20,965
Central Services	3,101	9,000		12,101
Pupil Transportation	159,758			159,758
Operation of Plant	202,327	14,924	44,515	261,766
Maintenance of Plant	7,787			7,787
Administrative technology services	34,208			34,208
TOTAL EXPENSES	<u>2,183,533</u>	<u>326,319</u>	<u>106,609</u>	<u>2,616,461</u>
PROGRAM REVENUES				
Florida Education Finance Program (FEFP)	1,863,019			1,863,019
Capital outlay			154,546	154,546
Total program revenues	<u>1,863,019</u>	<u>-</u>	<u>154,546</u>	<u>2,017,565</u>
GENERAL REVENUES:				
Other federal sources		328,031		328,031
Other state sources	1,920			1,920
Other local sources	150,899			150,899
Total general revenues	<u>152,819</u>	<u>328,031</u>		<u>480,850</u>
Excess of Revenues over expenses	(167,695)	1,712	47,937	(118,046)
Transfers in	1,712			
Transfers out		(1,712)		
Fund Balance, Beginning of Year	<u>340,238</u>		<u>156,253</u>	<u>496,491</u>
Fund Balance, End of Year	<u>\$174,255</u>	<u>\$ -</u>	<u>\$204,190</u>	<u>\$378,445</u>

The accompanying notes are an integral part of this statement

GLADES ACADEMY, INC.
STATEMENT OF ACTIVITIES
June 30, 2021

FUNCTIONS	Account Number	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total
Governmental activities:							
Instruction	5000	\$1,514,842		328,031		\$ (1,186,811)	(1,186,811)
Pupil Personnel Services	6100	10,874		1,920		(8,954)	(8,954)
Board	7100	647				(647)	(647)
General Administration	7200	93,602				(93,602)	(93,602)
School Administration	7300	357,371				(357,371)	(357,371)
Facilities Acquisition and Construction	7400	68,714			154,546	85,832	85,832
Fiscal Services	7500	73,826				(73,826)	(73,826)
Food Services	7600	20,965				(20,965)	(20,965)
Central Services	7700	12,101				(12,101)	(12,101)
Pupil Transportation Services	7800	159,758				(159,758)	(159,758)
Operation of Plant	7900	228,978				(228,978)	(228,978)
Maintenance of Plant	8100	7,787				(7,787)	(7,787)
Administrative technology services	8200	34,208				(34,208)	(34,208)
Community Services	9100						
Unallocated Depreciation Expense *		31,990				(31,990)	(31,990)
Total governmental activities		2,615,663		329,951	154,546	(2,131,166)	(2,131,166)

General Revenues:

Taxes:

 Florida Education Finance Program (FEFP)

 FEFP credits for more than 250 students

 Grants and contributions not restricted to specific programs

 Investment earnings

 Special items

Total general revenues, special items, and transfers

 Change in net position

Net position-beginning

Net position-ending

	1,863,019	1,863,019
	150,899	150,899
	2,013,918	2,013,918
	(117,248)	(117,248)
	669,293	669,293
	\$552,045	\$552,045

* This amount excludes the depreciation that is included in direct expenses of the various functions.

The accompanying notes are an integral part of this statement

GLADES ACADEMY, 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	(\$118,046)
--	-------------

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.

	32,788	
Capital expenditures	(31,990)	
Less current year depreciation		798
Change in Net Position of Governmental Activities		(\$117,248)

The accompanying notes are an integral part of this statement

GLADES ACADEMY, INC.
Statement of Revenues, Expenditures and Changes
In Fund Balance-Budget (GAAP Basis) and Actual
Governmental Fund Types
Year Ended June 30, 2021

	Governmental Funds			Special Revenue			Capital Outlay					
	Original and Final Budget	Actual	Variance	Original and Final Budget	Actual	Variance	Original and Final Budget	Actual	Variance	Original and Final Budget	Actual	Variance
EXPENDITURES:												
Instruction	\$ 1,029,922	\$ 1,212,447	\$ (182,525)	\$ 583,058	\$ 302,395	\$ (280,663)				\$ 1,612,980	\$ 1,514,842	\$ 98,138
Instructional Support Services	76,954	10,874	66,080							76,954	10,874	66,080
Board Services	12,884	647	12,237							12,884	647	12,237
General Administration	93,979	93,602	377	16,446		16,446				110,425	93,602	16,823
School Administration	388,082	357,371	30,711							388,082	357,371	30,711
Facilities acquisition	-	6,620	(6,620)	3,526		3,526	123,557	62,094	61,463	127,083	68,714	58,369
Fiscal Services	75,016	73,826	1,190							75,016	73,826	1,190
Food Services	23,973	20,965	3,008							23,973	20,965	3,008
Central Services	-	3,101	(3,101)	12,000	9,000	3,000				12,000	12,101	(101)
Pupil Transportation	184,450	159,758	24,692	2,800		2,800				187,250	159,758	27,492
Operation of Plant	196,233	202,327	(6,094)	19,355	14,924	4,431	35,301	44,515	(9,214)	250,889	261,766	(10,877)
Maintenance of Plant	16,100	7,787	8,313							16,100	7,787	8,313
Administrative technology services	33,643	34,208	(565)							33,643	34,208	(565)
Community services	3,000		3,000							3,000	-	3,000
TOTAL EXPENDITURES	2,134,236	2,183,533	(52,297)	637,185	326,319	(250,460)	158,858	106,609	52,249	2,930,279	2,616,461	310,818
PROGRAM REVENUES:												
Florida Education Finance Program (FEFP)	1,879,585	1,863,019	(16,566)							1,879,585	1,863,019	(16,566)
Capital outlay							158,858	154,546	4,312	158,858	154,546	(4,312)
	1,879,585	1,863,019	(16,566)				158,858	154,546	4,312	2,038,443	2,017,565	(20,878)
GENERAL REVENUES:												
Other federal sources				637,185	328,031	(309,154)				637,185	328,031	(309,154)
Other state sources	1,920	1,920	-								1,920	1,920
Other local sources	150,627	150,899	272							150,627	150,899	272
	152,547	152,819	272	637,185	328,031	(309,154)	-	-	-	787,812	480,850	(306,962)
Excess of Revenues over expenditures	\$ (102,104)	(167,695)	\$ (68,591)	-	1,712	-	-	47,937	-	\$ (104,024)	\$ (118,046)	\$ (17,022)
Trnsfers		1,712			(1,712)							
Fund Balance, beginning of year		340,238						156,253			340,238	
Fund Balance, end of year		\$ 174,255			\$ -			\$ 204,190			\$ 378,445	

The accompanying notes are an integral part of this statement

GLADES ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Glades Academy, Inc. (“the Academy”) was established as a nonprofit organization in August 2000 under the laws of the State of Florida and is the reporting entity. On July 25, 2013, the name of the Academy was changed to Glades Academy, Inc.

The Academy operates as a Charter School pursuant to a Charter School Contract (“the Contract”) with the School District of Palm Beach County, Florida (“the School District”). Under the Contract the Academy provides an education to children from Kindergarten through the eighth grade who reside in Western Palm Beach County in and around the City of Pahokee. For financial statement purposes the Academy 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 5% of the Florida Education Finance Program (FEFP) revenue as an administrative fee.

The Contract is effective through June 2022. The Contract requires the School District to provide the Academy’s primary source of funding based upon the number of full-time equivalent students (FTES) registered at the Academy.

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

The Academy’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 Academy are discussed below.

Basic Financial Statements

The Academy’s basic financial statements are the Statements of Net Position Statement of Activities. All the activities of the Academy are classified as governmental type activities. There are no business type activities of the Academy. All the Academy’s governmental type activities are included in the general 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 Academy’s net position are reported in three parts – invested in capital assets, net of related debt; restricted for categorical carryover programs, debts service, and unrestricted net position.

The Statement of Activities reports both the gross and net cost of each of the Academy’s functions. The functions are also supported by government revenues such as Florida Education Finance Program (FEFP), Capital Outlay Funds and Federal Grants. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and

GLADES ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basic Financial Statements (cont'd.)

Capital grants. Program revenues must be directly associated with the function (after care 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 Academy, 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.

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.

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 Academy to use restricted resources first, then 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).

GLADES ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Measurement Focus (Cont'd.)

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 Academy 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.

Concentration of Credit Risk

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

Cash deposits are held at banks qualified as public depositories under Florida law.

GLADES ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 Academy 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 on the principal or most advantageous market in a 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 and 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.

Contributed Services and Facilities

The Academy 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 Academy'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).

GLADES ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Capital Assets

Capital assets purchased or acquired with an original cost of \$500 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:

Leasehold Improvements	20 Years
Furniture, Fixtures and Equipment	5-10 Years
Computer Equipment	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 Academy’s Charter. In accordance with the funding provisions of the Charter and Section 1002.33, Florida Statutes, the Academy will report the number of full-time equivalent (FTE) students and related data to the School District of Palm Beach County. Funding for the Academy is adjusted during the year to reflect the revised calculations by the Florida Department of Education under the Florida Educational Finance Program and the actual weighted full-time equivalent students reported by the Academy during the designated full-time equivalent student survey periods. In addition, the Academy receives an annual allocation of charter school capital outlay funds for leasing of school facility.

Fund Balance Classifications

GASB requires the fund balance amounts to be properly reported within one of the fund 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 a 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 Academy’s highest level of decision making authority. There was no committed fund balance at year end.

GLADES ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Fund Balance Classifications (Cont'd.)

- d) **Assigned** fund balance includes amounts intended to be used by the Academy'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 Academy'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 Board of Directors can deviate from this policy if it is in the best interest of the Academy.

NOTE 2 – CAPITAL ASSETS

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

	<u>Balance</u> <u>Beginning</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>Ending</u>
Leasehold Improvements	\$ 6,536	\$ -	\$ -	\$ 6,536
Furniture & Fixtures and Equipment	54,903	32,788	-	87,691
Motor Vehicles	299,805	-	-	299,805
	<u>361,244</u>	<u>-</u>	<u>-</u>	<u>361,244</u>
Less Accumulated Depreciation	188,442	31,990	-	220,432
NET CAPITAL ASSETS	<u>\$ 172,802</u>	<u>\$ 798</u>	<u>\$ -</u>	<u>\$ 173,600</u>

Depreciation expense of \$31,990 was unallocated during the year ended June 30, 2021.

NOTE 3 – RETIREMENT PLAN

The Academy has a Non-Contributory Defined Contribution Pension Plan covering all employees who meet certain eligibility requirements. As a result of the transfer of the payroll and human resources function to an employee leasing company, the employees' pension contributions are to be made on a calendar year basis going forward. Under the Plan the Academy contributes 3% of an eligible employee's salary. Contributions to the Plan for the year ended June 30, 2021 were \$26,997.

GLADES ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 4 – COMMITMENTS AND CONTINGENCIES

Lease Agreement

The Academy leased its administrative and classroom facilities under a thirty-year non-cancelable operating lease that expires in June 2041. Annual rental expenses were approximately \$36,000 for the year ended June 30, 2021. Future minimum lease payments required under the lease are approximately as follows:

June 30,		
2022	\$	36,000
2023		36,000
2024		36,000
2025		36,000
2026		36,000
	<u>\$</u>	<u>180,000</u>

NOTE 5 – RELATED PARTY TRANSACTIONS

The Academy is run by a Board of Directors, all of whom are required to submit annual financial disclosures to the State of Florida. The Chairperson has a family relationship with one of the other Directors. The Board Members are volunteers and are not compensated by the Academy. There are no other related party transactions between the Board Members or entities related to the Board Members.

NOTE 6 – COMMITMENTS AND CONTINGENCIES

Risk Management

The Academy 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 Academy purchases commercial insurance for all material risks of loss to which the Academy is exposed, including general liability, property, auto, and workers compensation.

The Academy 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 Academy 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 Academy. A review of the last eleven years reveals that settled claims have not exceeded insurance coverage.

GLADES ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 7 – 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 13, 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

8645 N. Military Trail
Suite 503
Palm Beach Gardens, FL 33410

Tel (561) 627-1404
Fax (561) 627-3844

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 Glades Academy, Inc.
Pahokee, Florida

I have audited the financial statements of Glades Academy, Inc., (“the Academy”) (a nonprofit organization) as of and for the year ended June 30, 2021, and have issued my report thereon dated September 13, 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 Academy’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 Academy’s internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Academy’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 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 REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS (Continued)**

To the Board Members of Glades Academy, Inc.
Pahokee, Florida
Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Academy'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 organization 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 13, 2021

Mark Escoffery, P.A.

Certified Public Accountant

8645 N. Military Trail
Suite 503
Palm Beach Gardens, FL 33410

Tel (561) 627-1404
Fax (561) 627-3844

MANAGEMENT LETTER

To the Board Members of Glades Academy, Inc.
Pahokee, Florida

Report on the Financial Statements

I have audited the financial statements of Glades Academy, Inc., Florida, as of and for the fiscal year ended June 30, 2021, and have issued my report thereon dated September 13, 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 Reporting 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 Glades Academy, Inc.

**MANAGEMENT LETTER
(Continued)**

Financial Condition

Section 10.854(1)(e)2., Rules of the Auditor General, require that I report the results of my determination as to whether or not Glades Academy, 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 Glades Academy, 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 Glades Academy, Inc. It is management's responsibility to monitor Glades Academy, 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 Academy'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 Glades Academy, 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 Glades Academy, Inc. did maintain 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.
Palm Beach Gardens, Florida
September 13, 2021

