



Jacksonville Classical Academy, Inc.

FINANCIAL STATEMENTS

June 30, 2021

Jacksonville Classical Academy, Inc.
Table of Contents
June 30, 2021

	Page
REPORT	
Independent Auditors’ Report	1
MANAGEMENT’S DISCUSSION AND ANALYSIS	
Management’s Discussion and Analysis	4
FINANCIAL STATEMENTS	
Statement of Net Position	9
Statement of Activities	10
Balance Sheet – Governmental Fund	11
Balance Sheet to the Statement of Net Position	12
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Fund	13
Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities	14
Notes to Financial Statements	15
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule – General Fund	34
COMPLIANCE SECTION	
Independent Auditors’ 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>	35
REQUIRED COMMUNICATIONS	
Required Communications	37
Accounting Policies, Judgments and Sensitive Estimates & CRI Comments on Quality	43
Summary of Audit Adjustments	44
Management Representation Letter	47
MANAGEMENT LETTER AND INTERNAL CONTROL RECOMMENDATIONS	
Management Letter as Required by Section 218.39(4) Florida Statutes	51
Internal Control Findings	53



REPORT





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INDEPENDENT AUDITORS' REPORT

Board of Directors
Jacksonville Classical Academy, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, and the discretely presented component unit of Jacksonville Classical Academy, Inc. (the "Academy"), as of and for the year ended June 30, 2021, and the related notes to financial statements, which collectively comprise the Academy's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and the discretely presented component unit of the Jacksonville Classical Academy, Inc. as of June 30, 2021, and the respective changes in financial position, for the year ended June 30, 2021 in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only Jacksonville Classical Academy, Inc. and do not purport to, and do not present the financial position of Duval County District School Board as of June 30, 2021, the changes in their financial position, or, where applicable, their cash flows and respective budgetary comparison for the major funds for the year ended June 30, 2021 in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

As discussed in Note 2 to the financial statements, management has adopted Statement No. 87 of the Governmental Accounting Standards Board, *Leases*; this new standard provides additional guidance regarding the accounting and financial reporting for leases by governments. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and budgetary comparison schedule – general fund on pages 4 through 8 and page 34, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2021, on our consideration of the Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Academy's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Academy's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Tallahassee, FL
September 30, 2021



**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

Jacksonville Classical Academy, Inc. Management's Discussion and Analysis

Management's discussion and analysis provides an easily readable analysis of Jacksonville Classical Academy, Inc.'s (Academy's) financial activities. The analysis provides summary financial information for the Academy and should be read in conjunction with the Academy's financial statements.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Academy's basic financial statements. The Academy's basic financial statements are comprised of three components: 1) *government-wide financial statements*, 2) *fund financial statements*, and 3) *notes to financial statements*. The *government-wide financial statements* present an overall picture of the Academy's financial position and results of operations. The *fund financial statements* present financial information for the Academy's major funds. The *notes to financial statements* provide additional information concerning the Academy's finances that may not otherwise be disclosed in the government-wide or fund financial statements.

Government-wide Financial Statements

The *government-wide financial statements* include the *statement of net position* and the *statement of activities*. These statements are designed to provide readers with a broad overview of the Academy's financial position in a manner similar to that of private-sector companies. Emphasis is placed on the net position of governmental activities as well as the change in net position. Governmental activities are the activities where the Academy's programs and services are reported including, but not limited to, instruction, operation and maintenance of plants and facilities, pupil transportation, extracurricular activities, capital outlay, debt service, and other support services. The Academy does not have any business-type activities.

The *statement of net position* presents information on all assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the Academy, with the difference between them reported as *net position*. Increases or decreases in net position over time may serve as a useful indicator of the Academy's improving or declining financial position.

Jacksonville Classical Academy, Inc. Management's Discussion and Analysis

The *statement of activities* presents information on all revenues and expenses of the Academy and the change in net position for the fiscal year. Changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement of activities for some items that will result in cash flows in future fiscal periods.

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 purposes or objectives. Individual funds have been established by the Academy to account for revenues that are restricted to certain uses or to comply with legal requirements. The major category of funds in the Academy's *fund financial statements* includes: governmental funds.

Fund financial statements provide financial information for the Academy's major fund and more detailed information about the Academy's activities along with detailed information about the preschools. Governmental fund financial statements provide information on the *current* assets and liabilities of the fund, changes in *current* financial resources (revenues and expenditures), and *current* available resources.

Fund financial statements for the governmental fund includes a balance sheet and a statement of revenues, expenditures and changes in fund balance. The Academy's general fund also includes a statement of revenues and expenditures - budget and actual.

The *government-wide financial statements* and the *fund financial statements* provide different presentations of the Academy's financial position. Categorized by governmental activities and component units, the government-wide financial statements provide an overall picture of the Academy's financial standing. The government-wide financial statements, which are comparable to private-sector companies, provide a good understanding of the Academy's overall financial health and present the means used to pay for various activities, or functions provided by the Academy. All assets and deferred outflows of resources of the Academy, including buildings and land are reported in the statement of net position, as well as all liabilities and deferred inflows of resources, including outstanding principal on bonds and other long-term debt. The statement of activities includes depreciation on all long-lived assets of the Academy. The *fund financial statements* provide a presentation of the Academy's major fund. In the case of the governmental fund, outlays for long-lived assets are reported as expenditures and long-term liabilities, such as revenue bonds, are included as other financing sources in the fund financial statements in the year the liabilities are incurred. To facilitate a comparison between the *fund financial statements* and the *government-wide financial statements*, a reconciliation is provided.

Notes to financial statements provide additional detail concerning the financial activities and financial balances of the Academy. Additional information about the accounting practices of the Academy, investments of the Academy, and long-term debt are just a few of the items included in the notes to financial statements.

Jacksonville Classical Academy, Inc. Management's Discussion and Analysis

Financial Analysis of the Academy

The following schedule provides a summary of the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the Academy.

<i>June 30, 2021</i>	Jacksonville Classical Academy, Inc. (Primary Government)	Jacksonville Support Corporation (Component Unit)
Assets		
Current assets	\$ 23,733,907	\$ 10,560,029
Non-current assets	1,028,549	19,281,792
Total assets	24,762,456	29,841,821
Liabilities		
Current liabilities	10,509,840	100,144
Non-current liabilities	17,936,592	15,760,000
Total liabilities	28,446,432	15,860,144
Deferred Inflows of Resources	-	9,977,610
Net position	\$ (3,683,976)	\$ 4,004,067

The following schedule provides a summary of the changes in net position.

<i>Year ended June 30, 2021</i>	Jacksonville Classical Academy, Inc. (Primary Government)	Jacksonville Support Corporation (Component Unit)
Expenses	\$ (6,137,226)	\$ (698,541)
General revenues	5,438,798	255,805
Transfers	(418,951)	418,951
Change in net position	\$ (1,117,379)	\$ (23,785)

Jacksonville Classical Academy, Inc. Management's Discussion and Analysis

Financial Analysis of the Academy's Funds

Governmental Funds

General Fund

The main operating fund of the Academy is the general fund. As of June 30, 2021, total assets were \$13,963,174 and total liabilities were \$623,604. At the end of fiscal year 2021, fund balance of the general fund was \$13,339,570.

Analysis of General Fund Budget Variations

For the year ended June 30, 2021, the general fund expenditures exceeded the final budget by \$9,709,477 mainly due to unexpected costs associated with COVID-19 and the adoption of GASB No. 87. Revenues, including other financing sources, exceeded the final budget by \$14,375,879 mainly due to differences in the anticipated debt proceeds received and the adoption of GASB No. 87.

Capital Assets Activity

The following schedule provides a summary of the Academy's capital assets.

<i>June 30, 2021</i>	Jacksonville Classical Academy, Inc. (Primary Government)	Jacksonville Support Corporation (Component Unit)
Land	\$ -	\$ 1,712,513
Buildings and improvements	-	17,990,279
Equipment	1,132,524	-
Textbooks	102,971	-
Construction in progress	5,000	-
Accumulated depreciation	(211,946)	(421,000)
Capital assets, net of accumulated depreciation	\$ 1,028,549	\$ 19,281,792

Lease Assets and Liabilities

During the year ended June 30, 2021, the Corporation leased the use of the school building to the Academy. The agreement resulted in a lease asset and liability to be recorded for the Academy's right of use.

Jacksonville Classical Academy, Inc. Management's Discussion and Analysis

Lease Assets and Liabilities (continued)

The following schedule provides a summary of the Academy's lease assets and lease liabilities:

<i>June 30, 2021</i>	Jacksonville Classical Academy, Inc. (Primary Government)	Jacksonville Support Corporation (Component Unit)
Lease assets, net	\$ 9,770,733	-
Lease liability	10,050,236	\$ -
Lease receivable, net	-	\$ 10,050,236

Debt Management

The following schedule provides a summary of the Academy's long-term debt:

<i>June 30, 2021</i>	Jacksonville Classical Academy, Inc. (Primary Government)	Jacksonville Support Corporation (Component Unit)
Lease liability	\$ 9,886,236	\$ -
Notes payable, net of unamortized loan costs	17,936,592	15,760,000
Long-term debt	\$ 27,822,828	\$ 15,760,000

Economic Factors and Next Year's Budget

Budgeted activities for fiscal 2022 anticipate the following:

- Student enrollment of 824 with enrollment capacity of 925
- Annual revenues of \$7,154,067
- Annual expenses of \$8,015,050
- No further capital outlay
- Annual debt service of \$1,063,443

Contacting the Academy's Finance Department

This financial report is designed to provide a general overview of Jacksonville Classical Academy, Inc.'s finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Jacksonville Classical Academy's Finance Department, 2043 Forest Street, Jacksonville, Florida 32204. You may visit the Academy's website at <http://www.jaxclassical.org>.



FINANCIAL STATEMENTS

Jacksonville Classical Academy, Inc.
Statement of Net Position
June 30, 2021

	Governmental Activities	Component Unit
Assets		
Cash and cash equivalents	\$ 1,084,523	\$ 80,047
Due from Jacksonville Investment Fund	11,280,818	-
Lease receivable, net	-	10,050,236
Interest receivable	12,252	-
Miscellaneous receivable	-	13,667
Other assets	1,585,581	-
Lease asset, net	9,770,733	-
Capital assets, net	1,028,549	19,281,792
Restricted cash	-	416,079
Total assets	24,762,456	29,841,821
Liabilities		
Accounts payable	142,366	-
Accrued liabilities	317,238	100,144
Long-term liabilities		
Portion due or payable within one year:		
Lease payable	164,000	-
Portion due or payable after one year:		
Lease payable	9,886,236	-
Notes payable	17,936,592	15,760,000
Total liabilities	28,446,432	15,860,144
Deferred inflows of resources	-	9,977,610
Net position		
Net investment in capital assets	-	3,521,792
Restricted:		
Debt service	-	416,079
Unrestricted (deficit)	(3,683,976)	66,196
Total net position	\$ (3,683,976)	\$ 4,004,067

The accompanying notes are an integral part of these financial statements.

Jacksonville Classical Academy, Inc.
Statement of Activities
Year ended June 30, 2021

<u>Functions/programs</u>	<u>Expenses</u>	<u>Program revenues - operating grants and contributions</u>	<u>Program revenues - capital grants and contributions</u>	<u>Net (expense) revenue and change in net position</u>	
				<u>Governmental activities</u>	<u>Component unit</u>
Primary government					
Governmental activities:					
Instruction and instruction related services	\$ (2,401,420)	\$ -	\$ -	\$ (2,401,420)	
General administration	(725,435)	-	-	(725,435)	
School administration	(1,246,273)	-	-	(1,246,273)	
Student and instructional support services	(100,526)	-	-	(100,526)	
Fiscal services	(13,575)	-	-	(13,575)	
Food services	(172,274)	-	-	(172,274)	
Student transportation services	(149,520)	-	-	(149,520)	
Operation of plant	(826,326)	-	-	(826,326)	
Community services	(5,809)	-	-	(5,809)	
Debt service	(496,068)	-	-	(496,068)	
<u>Total governmental activities</u>	<u>\$ (6,137,226)</u>	<u>-</u>	<u>-</u>	<u>(6,137,226)</u>	
Component unit					
<u>Jacksonville Support Corporation</u>	<u>\$ (698,541)</u>	<u>\$ -</u>	<u>\$ -</u>		<u>\$ (698,541)</u>
General revenues and transfers					
Grant funding				4,966,544	-
Investment income				147,091	-
Rental income				-	255,805
Other				325,163	-
Transfers				(418,951)	418,951
Total general revenues and transfers				<u>5,019,847</u>	<u>674,756</u>
Change in net position				(1,117,379)	(23,785)
Net position at beginning of year				<u>(2,566,597)</u>	<u>4,027,852</u>
Net position at end of year				<u>\$ (3,683,976)</u>	<u>\$ 4,004,067</u>

The accompanying notes are an integral part of these financial statements.

Jacksonville Classical Academy, Inc.
Balance Sheet – Governmental Fund
June 30, 2021

Assets

Cash and cash equivalents	\$ 1,084,523
Due from Jacksonville Investment Fund	11,280,818
Interest receivable	12,252
Other assets	1,585,581
<hr/>	
Total assets	\$ 13,963,174
<hr/> <hr/>	

Liabilities and Fund Balance

Liabilities	
Accounts payable	\$ 142,366
Accrued liabilities	317,238
Lease payable	164,000
<hr/>	
Total liabilities	623,604
<hr/>	
Fund balance	
Nonspendable - prepaid expenses	1,476,211
Unassigned	11,863,359
<hr/>	
Total fund balance	13,339,570
<hr/>	
Total liabilities and fund balance	\$ 13,963,174
<hr/> <hr/>	

The accompanying notes are an integral part of these financial statements.

Jacksonville Classical Academy, Inc.
Reconciliation of the Governmental Fund
Balance Sheet to the Statement of Net Position
Year ended June 30, 2021

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

Fund balances - total governmental funds	\$ 13,339,570
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	1,028,549
Lease assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	9,770,733
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(27,822,828)
Net position of governmental activities	\$ (3,683,976)

The accompanying notes are an integral part of these financial statements.

Jacksonville Classical Academy, Inc.
Statement of Revenues, Expenditures and Changes in Fund Balance –
Governmental Fund
Year ended June 30, 2021

Revenues	
Grants and contributions	\$ 4,966,544
Investment income	147,091
Other	325,163
<hr/>	<hr/>
Total revenues	5,438,798
Expenditures	
Instruction and instruction related services	2,368,051
General administration	725,435
School administration	1,246,273
Student and instructional support services	100,526
Fiscal services	13,575
Food services	168,732
Student transportation services	149,520
Operation of plant	10,432,566
Community services	5,809
Capital outlay	462,359
Debt service	496,068
<hr/>	<hr/>
Total expenditures	16,168,914
Excess (deficiency) of revenues over (under) expenditures	<hr/> (10,730,116) <hr/>
Other financing sources (uses)	
Lease	9,886,236
Transfers to component unit	(418,951)
Debt proceeds	3,966,035
<hr/>	<hr/>
Total other financing sources (uses)	13,433,320
Net change in fund balance	2,703,204
Fund balance, beginning of year	<hr/> 10,636,366 <hr/>
Fund balance, end of year	<hr/> \$ 13,339,570 <hr/>

The accompanying notes are an integral part of these financial statements.

Jacksonville Classical Academy, Inc.
Reconciliation of the Governmental Fund
Statement of Revenues, Expenditures and
Changes in Fund Balance to the Statement of Activities
Year ended June 30, 2021

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

Net change in fund balance - total governmental funds	\$ 2,703,204
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of depreciation expense in the current period.	(408,281)
Capital outlay, reported as expenditures in governmental funds are shown as capital assets in the statements of net position.	462,359
Governmental funds report the amount financed by leases as a source of financing. However, leases are not revenues in the statement of activities, but rather constitute long-term liabilities in the statement of net position. Expenditures for principal repayment of leases are measured by the amount of financial resources used by governmental funds and have no effect on net position.	91,374
Governmental funds report debt proceeds as revenues. However, in the statement of activities, proceeds from debt are not reported. This is the amount of proceeds from debt received in the current period.	(3,966,035)
Change in net position of governmental activities	\$ (1,117,379)

The accompanying notes are an integral part of these financial statements.

Jacksonville Classical Academy, Inc. Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Jacksonville Classical Academy, Inc. was organized in August 2018 as a Florida nonprofit corporation. The Academy was granted a charter from the Duval County District School Board (District) to operate a public school, grades kindergarten through 6th within the District. The Charter expires in 2026. The District has the option to renew the charter or to terminate it upon expiration, or before its expiration date, based on circumstances defined in the agreement.

Reporting Entity

These financial statements include only the balances and activity of Jacksonville Classical Academy, Inc. and its component unit entities for which the Academy is considered to be financially accountable or for which the nature and significance of the relationship with the primary government are such that their exclusion would cause the Academy's financial statements to be misleading or incomplete. They are not intended to be a complete presentation of the financial position or the changes in financial position of Duval County District School Board in conformity with accounting principles generally accepted in the United States of America (GAAP). The accounting policies of the schools conform to GAAP, as applicable to charter schools in the State of Florida.

The accounting policies of the Academy conform to generally accepted accounting principles (GAAP) as applied to governmental units. The more significant accounting policies used by the Academy are described below.

In evaluating the Academy as a reporting entity, management has considered all potential component units in accordance with Section 2100: *Defining the Financial Reporting Entity* of the Governmental Accounting Standards Board (GASB) Codification.

Discretely Presented Component unit – Jacksonville Support Corporation, Inc.

The Jacksonville Support Corporation, Inc. (the "Corporation"), was formed as an educational support organization to operate at all times exclusively for the benefit of, to perform the functions of, and/or to carry out the purposes of the Academy. The Corporation is operated solely for the benefit of the Academy. The Corporation is presented as a governmental fund type with a fiscal year end of June 30. Due to the nature and significance of the Corporation's relationship with the Academy, exclusion of the Corporation's financial operations would render the Academy's financial statements incomplete or misleading. The Corporation is disclosed using the discrete presentation method to emphasize that it is a legally separate entity from the Academy.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from

Jacksonville Classical Academy, Inc. Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide and Fund Financial Statements (continued)

business-type activities, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for the general fund which is the only governmental fund. The Academy does not have any proprietary funds or fiduciary funds.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants, contributions, and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues (other than grants) to be available if they are collected within 60 days of the end of the current fiscal period. The Academy considers grants available if collected within one year after year-end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt is reported as other financing sources.

Jacksonville Classical Academy, Inc. Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

Intergovernmental revenues (except grants) and interest are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within one year of year-end). All other revenue items are considered to be measurable and available only when cash is received by the Academy.

Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for the governmental fund.

As discussed earlier, the Academy has one discretely presented component unit shown in a separate column in the government-wide financial statements.

Fund Financial Statements

The fund financial statements provide information about the Academy's funds. Separate statements for each fund category—governmental, proprietary, and fiduciary—are presented when applicable. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The Academy reports the following major governmental fund:

The *general fund* is the Academy's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

Budgetary Basis of Accounting

An operating budget is adopted and maintained by the governing board of the Academy pursuant to the requirements of Florida Statutes. The budget is adopted using the same basis of accounting that is used in the preparation of the fund financial statements.

Jacksonville Classical Academy, Inc.
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Basis of Accounting (continued)

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year-end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

Cash and Cash Equivalents

The Academy's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term highly liquid investments with maturities of three months or less from the date of acquisition.

Receivables

Receivables have been reported net of the allowance for doubtful accounts. There was no allowance for uncollectible amounts considered necessary at June 30, 2021.

Restricted Assets

Certain assets of the Academy are classified as restricted assets on the statement of net position and governmental fund balance sheet because their use is limited by law through constitutional provisions or enabling legislation; or by restrictions imposed externally by creditors, grantors, contributors or laws or regulations of other governments. Special restricted asset accounts are used to account for the sources and uses of these limited use assets.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. athletic fields and outside structures), are reported in the governmental activities column in the government-wide financial statements. Capital assets, are typically defined by the Academy as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of two years.

Jacksonville Classical Academy, Inc.
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (continued)

The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

Land and construction in progress are not depreciated. The other property, plant, equipment, and infrastructure of the primary government are depreciated using the straight-line method generally over the following estimated useful lives:

Buildings	39	Years
Furniture, fixtures and equipment	5 - 10	Years
Textbooks	3	Years

Leases

Lease contracts that provide the Academy with control of a non-financial asset, such as land, buildings or equipment, for a period of time in excess of twelve months are reported as a leased asset with a related lease liability. The lease liability is recorded at the present value of future lease payments, including fixed payments, variable payments based on an index or fixed rate and reasonably certain residual guarantees. The intangible leased asset is recorded for the same amount as the related lease liability plus any prepayments and initial direct costs to place the asset in service. Leased assets are amortized over the shorter of the useful life of the asset or the lease term. The lease liability is reduced for lease payments made, less the interest portion of the lease payment. The discount rate used was 4.5% which is the Academy's incremental borrowing rate as of the commencement date of the lease.

Deferred Inflows of Resources

The Academy's statement of net position reports a section for deferred inflows of resources. This separate financial statement element reflects an increase in net assets that applies to future periods. The deferred inflow of resources is attributed to a lease receivable related to its lease of facilities with its component unit that is to be received during the term of the lease.

Accrued Vacation and Sick Leave

The Academy's policy is to grant paid absences for vacation and sick leave. Employees are encouraged to use vacation time in the benefit period in which it is earned. The Academy does not compensate employees for any unused vacation and sick leave.

Jacksonville Classical Academy, Inc.
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Loan costs are netted against the debt balance and amortized over the term of the loan on a straight-line basis.

Categories and Classification of Fund Equity

Net position flow assumption – Sometimes the Academy will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Academy's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund balance flow assumptions – Sometimes the Academy will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the Academy's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund balance policies – Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Academy itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, specifies the following classifications:

Nonspendable fund balance – Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted fund balance – Restricted fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Jacksonville Classical Academy, Inc. Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Categories and Classification of Fund Equity (continued)

Committed fund balance – The committed fund balance classification 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, which is the Board of Directors. Once a commitment is made, the limitation imposed remains in place until a similar action is taken to remove or revise the limitation.

Assigned fund balance – Amounts in the assigned fund balance classification are intended to be used by the Academy for specific purposes but do not meet the criteria to be classified as committed. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Unassigned fund balance – Unassigned fund balance is the residual classification for the general fund.

Revenues and Expenditures/Expenses

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

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

The basic amount of funding through the FEFP under Section 1011.62 will be the product of the (1) unweighted FTE, multiplied by (2) the cost factor for each program, multiplied by (3) the base student allocation established by the legislature. Additional funds for exceptional students who do not have a matrix of services will be provided through the guaranteed allocation designated in Section 1011.62(1)(e)2, Florida Statutes.

Jacksonville Classical Academy, Inc. Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues and Expenditures/Expenses (continued)

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

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

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for expenditure of monies are recorded as reservations of budget, is employed as an extension of the statutory required budgetary process. At year-end, outstanding encumbrances represent material purchase commitments for goods and services which were ordered, budgeted, and appropriated, but had not been received or completed at date. Although encumbrances lapse at year-end, it is the intention to substantially honor these encumbrances under authority provided in the subsequent year's budget.

Income Taxes

The Academy and Corporation are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in these financial statements. The Academy and Corporation have no unrelated business income for the year ended June 30, 2021.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates. Actual results could differ from those estimates.

Subsequent Events

Management has evaluated subsequent events through September 30, 2021, the date that the financial statements were available to be issued. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Jacksonville Classical Academy, Inc.
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements

Accounting guidance implement in the current year includes the following:

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. This Statement seeks to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. GASB 84 was initially expected to be effective for the fiscal years beginning after December 15, 2018. However, during fiscal year 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, which postponed the effective date of this statement to fiscal years beginning after December 15, 2019. Management implemented GASB No. 84 during the year ended June 30, 2021; however, its impact was not significant.

In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement were postponed by GASB Statement No. 95 to be effective for reporting periods beginning after June 15, 2021. Management elected to implement the GASB No. 87 during the year ended June 30, 2021; however, its adoption did not result in any significant adjustments to the prior year's financial statements.

Accounting guidance not yet implemented includes the following:

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The requirements of this Statement were postponed by GASB Statement No. 95 and are effective for reporting periods beginning after December 15, 2020.

Jacksonville Classical Academy, Inc.
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (continued)

In May 2020, GASB issued Statement No. 96, *Subscription-based Information Technology Arrangements* (SBITA). The objectives of this Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

The Academy is evaluating the requirements of the above statements and the impact on reporting.

Note 2: RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The following is an explanation of differences between the general fund balance sheet and statement of net position.

The total fund balance of the Academy's general fund of \$13,339,570 on the governmental fund's balance sheet differs from the net position of governmental activities (\$3,683,976) reported in the statement of net position. This difference results primarily from the long-term economic focus of the statement of net position versus the current financial resources focus of the governmental funds balance sheet. Details of this difference are as follows:

When capital assets that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the statement of net position includes those capital assets of the Academy. The details of the difference is as follows:

Cost of capital assets	\$	1,240,495
Accumulated depreciation		(211,946)
Capital assets, net of accumulated depreciation	\$	1,028,549

Long-term liabilities applicable to the Academy's governmental activities are not reported as fund liabilities. All liabilities are reported in the statement of net position. The details of the difference is as follows:

Lease liability	\$	9,886,236
Notes payable, net of unamortized loan costs		17,936,592
Long-term liabilities	\$	27,822,828

Jacksonville Classical Academy, Inc.
Notes to Financial Statements

Note 2: RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS
(Continued)

Lease assets used in governmental activities are not financial resources, and therefore, these assets are reported as expenditures in governmental funds. However, the statement of net position includes those lease assets of the Academy. The details of the difference is as follows:

Lease assets	\$ 9,770,733

The following is an explanation of differences between the governmental funds statement of revenues, expenditures and changes in fund balance and the government-wide statement of activities.

The statement of activities and governmental fund revenues, expenditures and changes in fund balance includes a reconciliation between net change in fund balance - total governmental funds and change in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation is governmental funds report capital outlays as expenditures. However, in the statement of activities the costs of these assets are allocated over their estimated useful lives and reported as depreciation expense. The details of this difference is as follows:

Capital outlay	\$ 462,359
Depreciation expense	(408,281)
Net adjustment to increase net change in fund balance - total governmental funds to arrive at change in net position of governmental activities	\$ 54,078

Long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, the statement of net position reports interest accrued on long-term debt, whereas only the current interest expense is reported in the general fund. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The details of this difference are as follows:

Debt proceeds	\$ (3,966,035)

Jacksonville Classical Academy, Inc.
Notes to Financial Statements

Note 2: RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS
(Continued)

The amount financed by leases are reported as a source of financing within governmental funds. However, leases are not revenues in the statement of activities, but rather constitute long-term liabilities in the statement of net position. Expenditures for principal repayment of leases are measured by the amount of financial resources used by governmental funds and have no effect on net position.

Current portion of lease payable included on balance sheet	\$	164,000
Change in lease liability treated as expenditure in statement of revenues, expenditures and changes in fund balance		(72,626)
Lease activity	\$	91,374

Note 3: DETAILED NOTES ON ALL FUNDS

Deposits

Up to \$250,000 of the Academy’s bank balances per bank are covered by federal depository insurance (FDIC). Monies invested in amounts greater than the FDIC coverage are secured by the qualified public depositories pledging securities with the State Treasurer in such amounts required by the Florida Security for Public Depositories Act. In the event of a default or insolvency of a qualified public depositor, the State Treasurer will implement procedures for payment of losses according to the validated claims of the Academy pursuant to Section 280.08, Florida Statutes.

The Academy does not have an investment policy. Florida Statutes, Section 218.415, authorizes the Academy to invest surplus funds in the following:

- The Local Government Surplus Funds Trust Fund, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969, as provided in Section 163.01
- Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency
- Interest bearing time deposits or savings accounts in qualified public depositories, as defined in Section 280.02
- Direct obligations of the U.S. Treasury

Custodial credit risk – Custodial credit risk for deposits is the risk in the event of the failure of a depository financial institution a government may not be able to recover deposits. Monies placed on deposit with financial institutions in the form of demand deposits, time deposits or certificate of deposits are defined as public deposits. The financial institutions in which the Academy places its deposits are certified as “qualified public depositories,” as required under the Florida Security for Public Deposits Act.

Jacksonville Classical Academy, Inc.
Notes to Financial Statements

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

Restricted Cash

At June 30, 2021, the Academy had \$416,079 in restricted cash for sinking fund and reserve requirements related to their outstanding debt.

Capital Assets

Capital assets balances and activity for the year ended June 30, 2021 are as follows:

	Balance,				Balance,	
	July 1, 2020		Additions		Deletions	
					June 30, 2021	
<i>Primary government:</i>						
Capital assets						
Construction in progress	\$	-	\$	5,000	\$	-
Equipment		765,763		366,761		-
Textbooks		10,021		92,950		-
Total capital assets		775,784		464,711		-
Less accumulated depreciation						
Equipment		(8,190)		(179,880)		-
Textbooks		-		(23,876)		-
Total accumulated depreciation		(8,190)		(203,756)		-
Capital assets, net of accumulated depreciation	\$	767,594	\$	260,955	\$	-
					\$	1,028,549

	Balance,				Balance,	
	July 1, 2020		Additions		Deletions	
					June 30, 2021	
<i>Component unit:</i>						
Capital assets						
Land	\$	1,712,513	\$	-	\$	-
Buildings and improvements		-		17,990,279		-
Construction in progress		17,100,722		-		(17,100,722)
Total capital assets		18,813,235		17,990,279		(17,100,722)
Total accumulated depreciation						
		-		(421,000)		-
Capital assets, net of accumulated depreciation	\$	18,813,235	\$	17,569,279	\$	(17,100,722)
					\$	19,281,792

Depreciation expense of \$624,756 was charged to governmental activities and allocated to instruction and instruction related services, food services, and operation of plant.

Jacksonville Classical Academy, Inc.
Notes to Financial Statements

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

Lease Asset and Liability

During the year ended June 30, 2021, the Academy entered into a lease agreement with its component unit for the use of school facilities through June 1, 2048. Rental payments are due as follows:

Future lease payments due December 1 and June 1

Through June 1, 2026	\$	82,000
Through December 1, 2027	\$	101,000
Through June 1, 2048	\$	456,500

Lease asset balances and activity for the year ended June 30, 2021 are as follows:

		Balance, July 1, 2020		Additions		Deletions		Balance, June 30, 2021
<i>Primary government:</i>								
Lease assets								
Right of use - facilities	\$	-	\$	9,977,610	\$	-	\$	9,977,610
Total lease assets		-		9,977,610		-		9,977,610
Less accumulated amortization								
Right of use - facilities		-		(206,877)		-		(206,877)
Total accumulated amortization		-		(206,877)		-		(206,877)
Lease assets, net of accumulated amortization	\$	-	\$	9,770,733	\$	-	\$	9,770,733

Amortization expense of \$206,877 was charged to governmental activities and included within the operation of plant.

Lease liability balances and activity for the year ended June 30, 2021 are as follows:

		Balance, July 1, 2020		Additions		Deletions		Balance, June 30, 2021
<i>Primary government:</i>								
Lease liability	\$	-	\$	10,050,236	\$	-	\$	10,050,236

Interest expense related to the amortization of the lease liability is \$258,794 for the year ended June 30, 2021 and included in debt service.

Jacksonville Classical Academy, Inc.
Notes to Financial Statements

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

Lease Asset and Liability (continued)

Future debt service requirements on the notes payable at June 30, 2021 are as follows:

<i>For the years ending June 30,</i>	Principal	Interest	Total
<i>Primary government:</i>			
2022	\$ (291,503)	\$ 455,503	\$ 164,000
2023	(304,769)	468,769	164,000
2024	(318,638)	482,638	164,000
2025	(333,138)	497,138	164,000
2026	(348,298)	512,298	164,000
2027 - 2031	879,195	2,417,507	3,296,702
2032 - 2036	2,372,791	2,192,209	4,565,000
2037 - 2041	2,964,099	1,600,901	4,565,000
2042 - 2046	3,702,763	862,237	4,565,000
2047 - 2049	1,727,734	98,266	1,826,000
Total	\$ 10,050,236	\$ 9,587,466	\$ 19,637,702

Long-term Debt and Liabilities

On December 18, 2019, the Academy obtained debt financing with Truist Bank. The maximum principal amount was \$15,209,081. Interest-only payments were due monthly at 2.84% and adjusted at one month LIBOR plus 1.10%. The note payable was secured by the construction in progress. The principal amount was due in full on December 18, 2026; however, management refinanced the debt during April 2021. Under the new terms of the debt financing with Greenaccess, LLC, the Academy received proceeds of \$16,200,000. Interest-only payments are due monthly at a fixed interest rate of 4.50%. The note payable is secured by all assets of the Academy. The principal amount is due in full on April 20, 2026; however, the Academy has an option to extend the maturity by 24 months. The Academy must maintain a loan to value ratio of 75% and prepay 30 months of interest in the amount of \$1,563,300 as of the refinancing date. The value of the note payable at June 30, 2021 is \$16,200,000.

On December 19, 2019, the Academy obtained debt financing with Vestcor Family Foundation. The maximum principal amount is \$2,500,000. No interest payments are due. Principal is due at maturity of December 31, 2026. The note is unsecured and subordinate to the debt financed with Greenaccess, LLC. The principal amount outstanding at June 30, 2021 is \$2,000,000.

On December 18, 2019, the Academy entered into a New Market Tax Credit (NMTC) financing transaction to provide the funding to acquire real estate and develop a charter school in Jacksonville, Florida. As part of the transaction, the Academy made a loan of \$11,180,000 to the Jacksonville Investment Fund, LLC (the Fund). The loan receivable is due December 1, 2043 and carries an interest rate of 1.315%.

Jacksonville Classical Academy, Inc.
Notes to Financial Statements

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

Long-term Debt and Liabilities (continued)

In conjunction with the Academy's loan, SunTrust Community Capital, LLC contributed \$6,240,000 to the Fund during the year ended June 30, 2021. SunTrust Community Capital, LLC received NMTC's in return for its investment in the Fund. The Fund used the collective proceeds to fund two Community Development Entities (CDEs), ST CDE LXVII, LLC and Civic Builders Sub-CDE 12, LLC.

The Corporation entered into an \$11,760,000 and \$4,000,000 loan with ST CDE LXVII, LLC and Civic Builders Sub-CDE 12, LLC, respectively. Each loan consists of two tranches, Loan A and Loan B, both of which have an interest rate of 1.00%, simple interest, and mature on December 1, 2049.

Long-term debt balances and activity for the year ended June 30, 2021 are as follows:

	Balance, July 1, 2020	Additions	Deletions	Balance, June 30, 2021
<i>Primary government:</i>				
Long-term debt	\$ 13,970,557	\$ 16,200,000	\$ (11,970,557)	\$ 18,200,000

	Balance, July 1, 2020	Additions	Deletions	Balance, June 30, 2021
<i>Component unit:</i>				
Long-term debt	\$ 15,760,000	\$ -	\$ -	\$ 15,760,000

Within the statement of net position, long-term debt is presented net of all unamortized loan costs totaling \$263,408.

Future debt service requirements on the notes payable at June 30, 2021 are as follows:

<i>For the years ending June 30,</i>	Principal	Interest	Total
<i>Primary government:</i>			
2022	\$ 176,843	\$ 729,000	\$ 905,843
2023	579,943	729,000	1,308,943
2024	838,309	729,000	1,567,309
2025	404,905	729,000	1,133,905
2026	16,200,000	668,250	16,868,250
Total	\$ 18,200,000	\$ 3,584,250	\$ 21,784,250

Jacksonville Classical Academy, Inc.
Notes to Financial Statements

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

Long-term Debt and Liabilities (continued)

<i>For the years ending June 30,</i>	Principal	Interest	Total
<i>Component unit:</i>			
2022	\$ -	\$ 157,600	\$ 157,600
2023	-	157,600	157,600
2024	-	157,600	157,600
2025	-	157,600	157,600
2026	-	157,600	157,600
2027 - 2031	2,614,341	742,588	3,356,929
2032 - 2036	3,418,083	581,382	3,999,465
2037 - 2041	3,592,887	406,280	3,999,167
2042 - 2046	3,776,628	222,536	3,999,164
2047 - 2049	2,358,061	41,438	2,399,499
Total	\$ 15,760,000	\$ 2,782,224	\$ 18,542,224

Interest expense related to long-term debt totals \$228,191 for the year ended June 30, 2021.

Fund Balance and Net Position Restrictions

The statement of net position reports a restricted net position of \$416,079 at June 30, 2021.

Restricted debt service – This restriction was established in conjunction with the issuance of debt and funded by initial deposits from the proceeds of such debt and by transfers from operating funds into sinking funds. The amount restricted for debt service for net position is \$416,079 at June 30, 2021.

Net Investment in Capital Assets

The elements of net investment in capital assets as of June 30, 2021 are as follows:

<i>June 30, 2021</i>	Primary Government	Component Unit
Capital assets (net of depreciation)	\$ 1,028,549	\$ 19,281,792
Less long-term liabilities for notes payable (limited to capital asset balance)	1,028,549	15,760,000
Net investment in capital assets	\$ -	\$ 3,521,792

Jacksonville Classical Academy, Inc.
Notes to Financial Statements

Note 4: RISK MANAGEMENT

The Academy is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. There have been no claims in excess of insurance coverage limits during the past three years.

The Academy maintains commercial insurance coverage for workers' compensation through its relationship with a Professional Employer Organization (PEO). The Academy purchases separate commercial insurance coverage for liability and property damage. Coverage for workers' compensation and automobile claims are limited to the maximum liability exposure the Academy faces under Florida statutes. Coverage for general liability claims is a maximum of \$1,000,000 and coverage for umbrella liability claims is a maximum of \$5,000,000.

The commercial insurance carried is a claims incurred policy for which the Academy is covered for claims originating against the Academy during the policy period. The amount of coverage is dependent on the date of the liability-imposing event. The Academy has maintained continuous coverage and does not believe it has any exposure to events which occurred prior to the year ended June 30, 2021.

Note 5: COMMITMENTS AND CONTINGENCIES

During the ordinary course of its operation, the Academy is party to various claims, legal actions, and complaints. While the ultimate effect of such litigation cannot be ascertained at this time, in the opinion of counsel for the Academy, the liabilities which may arise from such actions would not result in losses which would exceed the liability insurance limits in effect at the time the claim arose or otherwise materially affect the financial condition of the Academy or results of activities.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable fund(s). The amount, if any, of expenditures from current or prior years which may be disallowed by the grantor cannot be determined at this time although the Academy expects such amounts not recorded, if any, to be immaterial.

Note 6: RETIREMENT PLAN

The Academy participates in a multi-employer retirement plan offered by its PEO. All full-time employees of the Academy are able to contribute to the plan. The Academy matches employee contributions to the plan at 100% up to 4.5% of the employee's base salary. Retirement expense was \$73,126 for the year ended June 30, 2021.

Jacksonville Classical Academy, Inc.
Notes to Financial Statements

Note 7: UNCERTAINTIES

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have arisen that may have a significant impact on the operations of the Academy. The occurrence and extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain.



REQUIRED SUPPLEMENTARY INFORMATION

Jacksonville Classical Academy, Inc.
Budgetary Comparison Schedule – General Fund

<i>For the year ended June 30, 2021</i>	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues	\$ 4,496,239	\$ 4,496,239	\$ 5,438,798	\$ 942,559
Expenditures				
Instruction and instruction related services	2,383,935	2,383,935	2,368,051	15,884
General administration	552,138	552,138	725,435	(173,297)
School administration	1,219,722	1,219,722	1,246,273	(26,551)
Student and instructional support services	358,358	358,358	100,526	257,832
Fiscal services	-	-	13,575	(13,575)
Food services	253,266	253,266	168,732	84,534
Student transportation services	137,025	137,025	149,520	(12,495)
Facilities acquisition	164,000	164,000	-	164,000
Operation of plant	532,520	532,520	10,432,566	(9,900,046)
Maintenance of plan	8,729	8,729	-	8,729
Community services	127,206	127,206	5,809	121,397
Capital outlay	2,538	2,538	462,359	(459,821)
Debt service	720,000	720,000	496,068	223,932
Total expenses	6,459,437	6,459,437	16,168,914	(9,709,477)
Other financing sources (uses)				
Lease	-	-	9,886,236	9,886,236
Transfers to component unit	-	-	(418,951)	(418,951)
Debt proceeds	-	-	3,966,035	3,966,035
Total other financing sources (uses)	-	-	13,433,320	13,433,320
Net change in fund balance	(1,963,198)	(1,963,198)	2,703,204	4,666,402
Fund balance at beginning of year	10,636,366	10,636,366	10,636,366	-
Fund balance at end of year	\$ 8,673,168	\$ 8,673,168	\$ 13,339,570	\$ 4,666,402

See Independent Auditors' Report.



COMPLIANCE SECTION

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

To the Board of Directors
Jacksonville Classical Academy, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Jacksonville Classical Academy, Inc., (the Academy) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Jacksonville Classical Academy, Inc.'s basic financial statements, and have issued our report thereon dated September 30, 2021.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Carly Riggs & Ingram, L.L.C.

Tallahassee, Florida
September 30, 2021



REQUIRED COMMUNICATIONS

Required Communications

As discussed with the Board of Directors and management during our planning process, our audit plan represented an approach responsive to the assessment of risk for the Academy. Specifically, we planned and performed our audit to:

- Perform audit services, as requested by the Board of Directors, in accordance with auditing standards generally accepted in the United States of America, in order to express an opinion on the Academy's financial statements for the year ended June 30, 2021;
- Communicate directly with the Board of Directors and management regarding the results of our procedures;
- Address with the Board of Directors and management any accounting and financial reporting issues;
- Anticipate and respond to concerns of the Board of Directors and management; and
- Other audit-related projects as they arise and upon request.

Required Communications

We have audited the financial statements of Jacksonville Classical Academy, Inc. for the year ended June 30, 2021 and have issued our report thereon dated September 30, 2021. Professional standards require that we provide you with the following information related to our audit:

MATTER TO BE COMMUNICATED	AUDITORS' RESPONSE
Auditors' responsibility under Government Auditing Standards	<p>As stated in our engagement letter dated March 23, 2021, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America (GAAP). Our audit of the financial statements does not relieve you or management of your responsibilities.</p> <p>As part of our audit, we considered the internal control of the Academy. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.</p>

Required Communications

MATTER TO BE COMMUNICATED	AUDITORS' RESPONSE
<p>Client's responsibility</p>	<p>Management, with oversight from those charged with governance, is responsible for establishing and maintaining internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the fair presentation in the financial statements of financial position, results of activities, functional expenses and cash flows in conformity with the applicable framework. Management is responsible for the design and implementation of programs and controls to prevent and detect fraud.</p>
<p>Planned scope and timing of the audit</p>	<p>Our initial audit plan was not significantly altered during our fieldwork.</p>
<p>Management judgments and accounting estimates <i>The process used by management in forming particularly sensitive accounting estimates and the basis for the auditors' conclusion regarding the reasonableness of those estimates.</i></p>	<p>Please see the following section titled "Accounting Policies, Judgments and Sensitive Estimates and CRI Comments on Quality."</p>
<p>Potential effect on the financial statements of any significant risks and exposures <i>Major risks and exposures facing the Academy and how they are disclosed.</i></p>	<p>No such risks or exposures were noted.</p>

Required Communications

MATTER TO BE COMMUNICATED	AUDITORS' RESPONSE
<p>Significant accounting policies, including critical accounting policies and alternative treatments within generally accepted accounting principles and the auditors' judgment about the quality of accounting principles</p> <ul style="list-style-type: none"> • <i>The initial selection of and changes in significant accounting policies or their application; methods used to account for significant unusual transactions; and effect of significant policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.</i> • <i>The auditor should also discuss the auditors' judgment about the quality, not just the acceptability, of the Academy's accounting policies as applied in its financial reporting. The discussion should include such matters as consistency of accounting policies and their application, and clarity and completeness of the financial statements, including disclosures. Critical accounting policies and practices applied by the Academy in its financial statements and our assessment of management's disclosures regarding such policies and practices (including any significant modifications to such disclosures proposed by us but rejected by management), the reasons why certain policies and practices are or are not considered critical, and how current and anticipated future events impact those determinations;</i> • <i>Alternative treatments within GAAP for accounting policies and practices related to material items, including recognition, measurement, presentation and disclosure alternatives, that have been discussed with client management during the current audit period, the ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the auditor; furthermore, if the accounting policy selected by management is not the policy preferred by us, discuss the reasons why management selected that policy, the policy preferred by us, and the reason we preferred the other policy.</i> 	<p>See the Notes to Financial Statements and the section entitled "Accounting Policies, Judgments and Sensitive Estimates & CRI Comments on Quality."</p>

Required Communications

MATTER TO BE COMMUNICATED	AUDITORS' RESPONSE
<p>Significant difficulties encountered in the audit <i>Any significant difficulties, for example, unreasonable logistical constraints or lack of cooperation by management.</i></p>	None.
<p>Disagreements with management <i>Disagreements, whether or not subsequently resolved, about matters significant to the financial statements or auditors' report. This does not include those that came about based on incomplete facts or preliminary information.</i></p>	None.
<p>Other findings or issues <i>Matters significant to oversight of the financial reporting practices by those charged with governance. For example, an entity's failure to obtain the necessary type of audit, such as one under Government Auditing Standards, in addition to GAAS.</i></p>	None.
<p>Matters arising from the audit that were discussed with, or the subject of correspondence with, management <i>Business conditions that might affect risk or discussions regarding accounting practices or application of auditing standards.</i></p>	None.
<p>Corrected and uncorrected misstatements <i>All significant audit adjustments arising from the audit, whether or not recorded by the Academy, that could individually or in the aggregate have a significant effect on the financial statements. We should also inform the Board about uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented, that were determined by management to be immaterial, both individually and in the aggregate, to the financial statements taken as a whole. Any internal control deficiencies that could have prevented the misstatements.</i></p>	Please see the following section titled "Summary of Audit Adjustments."

Required Communications

MATTER TO BE COMMUNICATED	AUDITORS' RESPONSE
<p>Major issues discussed with management prior to retention</p> <p><i>Any major accounting, auditing or reporting issues discussed with management in connection with our initial or recurring retention.</i></p>	None.
<p>Consultations with other accountants</p> <p><i>When management has consulted with other accountants about significant accounting or auditing matters.</i></p>	None.
<p>Written representations</p> <p><i>A description of the written representations the auditor requested (or a copy of the representation letter).</i></p>	See "Management Representation Letter" section.
<p>Internal control deficiencies</p> <p><i>Any significant deficiencies or material weaknesses in the design or operation of internal control that came to the auditors' attention during the audit.</i></p>	See "Internal Control Findings" section.
<p>Fraud and illegal acts</p> <p><i>Fraud involving the Academy's management, or those responsible for internal controls, or causing a material misstatement of the financial statements, where the auditor determines there is evidence that such fraud may exist. Any illegal acts coming to the auditors' attention involving the Academy's management and any other illegal acts, unless clearly inconsequential.</i></p>	We are unaware of any fraud or illegal acts involving management or causing material misstatement of the financial statements.
<p>Other information in documents containing audited financial statements</p> <p><i>The external auditors' responsibility for information in a document containing audited financial statements, as well as any procedures performed and the results.</i></p>	<p>Our responsibility related to documents (including annual reports, websites, etc.) containing the financial statements is to read the other information to consider whether:</p> <ul style="list-style-type: none"> • Such information is materially inconsistent with the financial statements; and • We believe such information represents a material misstatement of fact. <p>We have not been provided any such items to date and are unaware of any other documents that contain the audited financial statements.</p>

Accounting Policies, Judgments and Sensitive Estimates & CRI Comments on Quality

We are required to communicate our judgments about the quality, not just the acceptability, of the Academy's accounting principles as applied in its financial reporting. We are also required to communicate critical accounting policies and sensitive accounting estimates. The Board may wish to monitor throughout the year the process used to compute and record these accounting estimates. The table below summarizes our communications regarding these matters.

AREA	ACCOUNTING POLICY	CRITICAL POLICY?	JUDGMENTS & SENSITIVE ESTIMATES	COMMENTS ON QUALITY OF ACCOUNTING POLICY & APPLICATION
Capital Assets	Capital assets are depreciated based on the Academy's estimate of their useful lives.	X	The Academy uses useful lives as suggested by applicable standards and guides for equipment, property and other capital assets.	The Academy's policies are in accordance with all applicable accounting guidelines.
Leases	Lease assets and liabilities are recorded at discounted cash flows based on the payments per the underlying lease agreement and the Academy's incremental borrowing rate.	X	The Academy used 4.5% as the incremental borrowing rate, which is consistent with the interest rate used during the refinancing that occurred in April of 2021.	The Academy's policies are in accordance with all applicable guidelines.

Summary of Audit Adjustments

During the course of our audit, we accumulate differences between amounts recorded by the Academy and amounts that we believe are required to be recorded under GAAP. Those adjustments are either recorded (corrected) by the Academy or passed (uncorrected).

Adjustments recorded by the Academy are included in the attached schedule.

QUALITATIVE MATERIALITY CONSIDERATIONS

In evaluating the materiality of audit differences when they do arise, we consider both quantitative and qualitative factors, for example:

- Whether the difference arises from an item capable of precise measurement or whether it arises from an estimate, and, if so, the degree of imprecision inherent in the estimate.
- Whether the difference masks a change in earnings or other trends.
- Whether the difference changes a net decrease in assets to addition, or vice versa.
- Whether the difference concerns an area of the Academy's operating environment that has been identified as playing a significant role in the Academy's operations or viability.
- Whether the difference affects compliance with regulatory requirements.
- Whether the difference has the effect of increasing management's compensation – for example, by satisfying requirements for the award of bonuses or other forms of incentive compensation.
- Whether the difference involves concealment of an unlawful transaction.

Summary of Audit Adjustments

ADJUSTING JOURNAL ENTRIES – JCA

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 1			
Prepared by client - 8/16/2021 - JD via email - District Updates to Revenue			
1149000	Due from District	1,027.00	
1149000	Due from District	98,991.00	
2145	Due to district	125,633.00	
3310001	FEFP Base Funding	922.00	
7200393	G&A District Fee	2,905.00	
7300792	Admin Misc Expenses:7300792 -> Admin Misc Other	589.00	
3225000	Title 2		589.00
3231000	ESSER		98,991.00
3232000	CARES Act		1,027.00
3310003	FEFP Science Lab		25.00
3310004	FEFP Instruct. Material Alloc		1,605.00
3310010	FEFP Digital Classroom		20.00
3310015	FEFP Safe Schools Allocation		1,352.00
3310256	FEFP Reading Allocation		711.00
3310704	FEFP Mental Health		635.00
3311100	FEFP Suppl. Acad. Instruction		104.00
3399	Other Miscellaneous State Rev		3,615.00
3399	Other Miscellaneous State Rev		121,393.00
Total		<u>230,067.00</u>	<u>230,067.00</u>
Adjusting Journal Entries JE # 2			
Prepared by client - 9/10/2021 - via email - additional accruals.			
7900310	Plant Prof Services	17,541.00	
2105	Accrued expenses		17,541.00
Total		<u>17,541.00</u>	<u>17,541.00</u>
Adjusting Journal Entries JE # 3			
Provided by client - 9/13/2021 - email - May and June loan costs.			
9200780	Amortization expense	9,083.00	
1910	Loan Costs		9,083.00
Total		<u>9,083.00</u>	<u>9,083.00</u>
Adjusting Journal Entries JE # 4			
Implementation of GASB 87			
1400000	Lease asset	9,977,610.00	
2310003	Long Term Lease Obligation	504,096.00	
7400362	Lease asset depreciation expense	206,877.00	
9200000	Interest - Lease	258,794.00	
1490000	Accumulated depreciation - lease		206,877.00
2105300	Accrued interest liability - Lease		35,835.00
2400000	Lease liability		10,050,236.00
7400361	Building Lease		150,333.00
7400361	Building Lease		504,096.00
Total		<u>10,947,377.00</u>	<u>10,947,377.00</u>
Adjusting Journal Entries JE # 5			
Adjust accrued interest to actual			
2105100	Accrued Interest Expense NMTC	273,257.00	
9200722	Interest Expense for NMTC		273,257.00
Total		<u>273,257.00</u>	<u>273,257.00</u>

Summary of Audit Adjustments (Continued)

ADJUSTING JOURNAL ENTRIES - JEB

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 1			
Implementation of GASB 87			
P-JB-1240.00	Lease receivable	19,989,833.00	
P-JB-1241.00	Discount - Lease	222,959.00	
P-JB-1240.00	Lease receivable		150,333.00
P-JB-1241.00	Discount - Lease		10,012,223.00
P-JB-2260.00	Deferred inflow		9,977,610.00
P-JB-4306.00	Amortization of discount		72,626.00
Total		<u>20,212,792.00</u>	<u>20,212,792.00</u>
Adjusting Journal Entries JE # 2			
Depreciation of facility			
P-JB-5483.00	Depreciation expense	421,000.00	
P-JB-1636.00	Accumulated depreciation		421,000.00
Total		<u>421,000.00</u>	<u>421,000.00</u>

Management Representation Letter



JACKSONVILLE
CLASSICAL ACADEMY

2043 Forest Street
Jacksonville, Florida 32204
904-288-7732

September 30, 2021

Carr, Riggs & Ingram, LLC
2633 Centennial Boulevard – Suite 200
Tallahassee, Florida 32309

This representation letter is provided in connection with your audit of the financial statements of Jacksonville Classical Academy, Inc., which comprise the respective financial position of the governmental and each major fund as of June 30, 2021, and the respective changes in financial position for the year then ended, and the disclosures (collectively, the "financial statements"), for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of September 30, 2021, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated March 23, 2021, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.
- 8) The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole for each opinion unit. A list of the uncorrected misstatements is attached to the representation letter.



Management Representation Letter



JACKSONVILLE CLASSICAL ACADEMY

2043 Forest Street
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- 9) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 10) Guarantees, whether written or oral, under which the Jacksonville Classical Academy, Inc. is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

- 11) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records (including information obtained from outside of the general and subsidiary ledgers), documentation, and other matters.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the Jacksonville Classical Academy, Inc. from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of the Board of Directors or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 12) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 13) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 14) We have no knowledge of any fraud or suspected fraud that affects the Jacksonville Classical Academy, Inc. and involves—
 - Management,
 - Employees who have significant roles in internal control, or
 - Others where the fraud could have a material effect on the financial statements.
- 15) We have no knowledge of any allegations of fraud or suspected fraud affecting the Jacksonville Classical Academy, Inc.'s financial statements communicated by employees, former employees, regulators, or others.
- 16) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or waste or abuse, whose effects should be considered when preparing financial statements.
- 17) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- 18) We have disclosed to you the names of the Jacksonville Classical Academy, Inc.'s related parties and all the related party relationships and transactions, including any side agreements.

Government-specific

- 19) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 20) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.



Management Representation Letter



JACKSONVILLE
CLASSICAL ACADEMY

2043 Forest Street
Jacksonville, Florida 32204
904-288-7732

- 21) The Jacksonville Classical Academy, Inc. has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fund balance or net position.
- 22) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.
- 23) We have appropriately disclosed all information for conduit debt obligations in accordance with [GASBS No. 91](#).
- 24) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
- 25) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- 26) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 27) As part of your audit, you assisted with preparation of the financial statements and disclosures. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and disclosures.
- 28) The Jacksonville Classical Academy, Inc. has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 29) The Jacksonville Classical Academy, Inc. has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 30) The financial statements include all component units, appropriately present majority equity interests in legally separate organizations and joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
- 31) The financial statements include all fiduciary activities required by [GASBS No. 84](#).
- 32) The financial statements properly classify all funds and activities in accordance with [GASBS No. 34](#), as amended, and [GASBS No. 84](#).
- 33) All funds that meet the quantitative criteria in [GASBS Nos. 34](#), and [37](#) for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- 34) Components of net position (net investment in capital assets; restricted; and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.



Management Representation Letter



JACKSONVILLE
CLASSICAL ACADEMY

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- 35) Investments, derivative instruments, and land and other real estate held by endowments are properly valued.
- 36) Provisions for uncollectible receivables have been properly identified and recorded.
- 37) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 38) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- 39) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 40) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
- 41) Capital assets, including and intangible assets, are properly capitalized, reported, and, if applicable, depreciated or amortized.
- 42) We have appropriately disclosed the Jacksonville Classical Academy's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 43) We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.
- 44) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.

Signature: *C. Warren*
Title: AUDIT CHAIR
CLEVE WARREN

Signature: _____
Title: _____





**MANAGEMENT LETTER AND
INTERNAL CONTROL RECOMMENDATIONS**

Management Letter as Required by Section 218.39(4) Florida Statutes

To the Board of Directors of
Jacksonville Classical Academy, Inc.

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Jacksonville Classical Academy, Inc. (the "Academy"), as of and for the year ended June 30, 2021, and have issued our report thereon dated September 30, 2021.

AUDITORS' RESPONSIBILITY

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.850, Rules of the Auditor General.

OTHER REPORTING REQUIREMENTS

We have issued our Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated September 30, 2021, should be considered in conjunction with this management letter.

PRIOR AUDIT FINDINGS

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

OFFICIAL TITLE

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

FINANCIAL CONDITION AND MANAGEMENT

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

Management Letter as Required by Section 218.39(4) Florida Statutes (Continued)

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

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

TRANSPARENCY

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

ADDITIONAL MATTERS

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

PURPOSE OF THIS LETTER

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

Casey Riggs & Ingram, L.L.C.

Tallahassee, Florida
September 30, 2021

Internal Control Findings

The Board of Directors and Management of
Jacksonville Classical Academy, Inc.

In planning and performing our audit of the financial statements of the governmental activities, the discretely presented component unit and fund information of Jacksonville Classical Academy, Inc. as of and for the year ended June 30, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered the Jacksonville Classical Academy, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Jacksonville Classical Academy, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Jacksonville Classical Academy, Inc.'s internal control.

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

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

This communication is intended solely for the information and use of management, Board of Directors, others within Jacksonville Classical Academy, Inc., and is not intended to be, and should not be, used by anyone other than these specified parties.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Tallahassee, Florida
September 30, 2021