

**PINEAPPLE COVE
CLASSICAL ACADEMY, INC.**

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

**BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

FOR THE YEAR ENDED JUNE 30, 2021

TABLE OF CONTENTS

	PAGE NO.
FINANCIAL SECTION	
Independent Auditor’s Report	1-3
Management’s Discussion and Analysis	4-8
Basic Financial Statements	
<i>Government-Wide Financial Statements:</i>	
Statement of Net Position	9
Statement of Activities	10
<i>Fund Financial Statements:</i>	
Balance Sheet – Governmental Funds	11
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net position	12
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	13
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances-Governmental Funds to the Statement of Activities	14
Notes to Financial Statements	16-30
Required Supplementary Information	
Budgetary Comparison Schedule – General Fund	32
Budgetary Comparison Schedule – Debt Service Fund	33
Budgetary Comparison Schedule – Capital Outlay Fund	34
Note to Required Supplementary Information	35
COMPLIANCE AND INTERNAL CONTROL	
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Governmental Auditing Standards</i>	36-37
Management Letter	38-39
Management Findings, Recommendations and Responses	40

Independent Auditor's Report

To the Board of Directors
Pineapple Cove Classical Academy, Inc.
Palm Bay, Florida.

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Pineapple Cove Classical Academy, Inc. ("School"), a charter school and component unit of the District School Board of Brevard County, Florida, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

As described in Note A-1, the accompanying financial statements referred to above present only the financial position of the School at June 30, 2021, and the results of its operations for the year then ended, and is not intended to be a complete presentation of the District.

Prior Period Adjustment

As discussed in Note B to the financial statements, beginning fund balance has been increased by \$803,930 as a result of loan proceeds from paycheck protection program revenue recognition. Also, beginning net position has been increased by \$368,790 as a result of capitalized interest for construction.

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison Schedule, and Note to Required Supplementary Information, as shown in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historic context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 30, 2021 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to solely 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 School'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 School's internal control over financial reporting and compliance.

Re-Issue Financial Statements

As discussed in Note Q to the financial statements, these statements have been re-issued to properly remove \$270,000 in the current portion of bond payable in Balance Sheet – Governmental Funds and interest & fiscal charges in the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds. In addition, the net investment in capital assets, net of related debt on the Statement of Net Position was restated to (\$2,847,419) related to restricted cash amount of \$3,198,253 used to service the future debt.

McDonough CPA Solutions, PA

August 30, 2021, except for Note Q, as to which the date is May 4, 2022
Rockledge, Florida

PINEAPPLE COVE CLASSICAL ACADEMY, INC.

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

MANAGEMENT’S DISCUSSION AND ANALYSIS

The Management’s Discussion and Analysis (MD&A) section of the annual financial report of the Pineapple Cove Classical Academy, Inc. (“School”) provides an overview of the School’s activities for the fiscal year ended June 30, 2021.

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

FINANCIAL HIGHLIGHTS

- For the fiscal year ended June 30, 2021, the School’s expenses exceeded revenues as shown on the School’s statement of activities by \$1,249,962.
- As shown on the statement of net position, the School reported a total deficit net position balance of \$3,643,034.

OVERVIEW OF THE FINANCIAL STATEMENTS

The basic financial statements consist of three components:

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

Government-Wide Financial Statements

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

PINEAPPLE COVE CLASSICAL ACADEMY, INC.
A Charter School and Component Unit of the District School Board of Brevard County, Florida
MANAGEMENT'S DISCUSSION AND ANALYSIS

Fund Financial Statements

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

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

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

The governmental funds balance sheet and statement of revenues, expenditures, and changes in fund balances provide detailed information about the School's most significant funds. The School operates four funds, a General Fund, a Debt Service Fund, a Capital Outlay Fund and Other Governmental Funds. The General Fund, Debt Service Fund, and Capital Outlay Fund are considered to be a major funds. Data from the other governmental funds are combined into a single aggregate presentation.

The School adopts an annual budget for its governmental funds. A budgetary comparison schedule, as required, has been provided for the General Fund, Capital Outlay Fund, and Debt Service Fund to demonstrate compliance with the budget.

Notes to Financial Statements

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

PINEAPPLE COVE CLASSICAL ACADEMY, INC.
A Charter School and Component Unit of the District School Board of Brevard County, Florida
MANAGEMENT’S DISCUSSION AND ANALYSIS

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

	<u>2021</u>	<u>2020</u>	<u>Variance</u>
ASSETS			
Current assets and Other Assets	\$ 566,593	\$ 4,303,371	\$ (3,736,778)
Noncurrent assets	3,198,253	-	3,198,253
Capital assets, net	<u>25,533,113</u>	<u>26,881,743</u>	<u>(1,348,630)</u>
Total assets	<u>29,297,959</u>	<u>4,303,371</u>	<u>(538,525)</u>
LIABILITIES			
Current liabilities	1,598,369	1,999,401	(401,032)
Noncurrent liabilities	<u>31,342,624</u>	<u>31,578,785</u>	<u>(236,161)</u>
Total liabilities	<u>32,940,993</u>	<u>33,578,186</u>	<u>(637,193)</u>
NET POSITION			
Net investment in capital assets, net of related debt	(2,847,419)	(5,065,429)	2,218,010
Restricted for Debt Service	2,364,526	2,346,984	17,542
Unrestricted	<u>(3,160,141)</u>	<u>(43,417)</u>	<u>(3,116,724)</u>
Total net position	<u>\$ (3,643,034)</u>	<u>\$ (2,761,862)</u>	<u>\$ (881,172)</u>

The decrease in current assets is related to the timing of cash payments to vendors offset by increases in accounts receivable and the reclassification of restricted to cash to noncurrent assets. Noncurrent assets increased by the reclassification of restricted cash. Capital assets, net decreased by current year depreciation. Current liabilities decreased due to decreases in accounts payable, accrued liabilities and the current portion of bonds payable. Noncurrent liabilities decreased by the current year’s payment of principal and current portion of bonds payable. Net investment in capital assets decreased related to current year depreciation offset by payments to the bondholder. Restricted for debt service decreased related to payments of interest and fiscal charges in the current year. Unrestricted net position reported a negative balance of \$(3,160,141).

PINEAPPLE COVE CLASSICAL ACADEMY, INC.
A Charter School and Component Unit of the District School Board of Brevard County, Florida
MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is a summary of the School's activities for the current year and prior year:

	<u>2021</u>	<u>2020</u>	<u>Variance</u>
Revenues			
Program revenues			
Charges for services	\$ 390,863	\$ 247,036	\$ 143,827
Operating grants and contributions	301,151	95,661	205,490
Capital grants and contributions	741,049	430,896	310,153
General revenues	<u>7,515,579</u>	<u>6,237,085</u>	<u>1,278,494</u>
Total Revenues	<u>\$ 8,948,642</u>	<u>\$ 7,010,678</u>	<u>\$ 1,937,964</u>
Expenses			
Basic instruction	\$ 3,903,995	3,495,203	\$ 408,792
Exceptional instruction	350,744	-	350,744
Pupil Personnel Services	280,814	212,820	67,994
Curriculum development	1,251	-	1,251
Instructional Staff Training	-	6,846	(6,846)
Instructional-Related Technology	56,819	36,418	20,401
Board	-	405,577	(405,577)
School Administration	1,353,275	798,715	554,560
Facilities	1,364,978	-	1,364,978
Food services	308,081	267,344	40,737
Transportation	875	-	875
Operation of plant	641,935	460,636	181,299
Maintenance of plant	-	31,365	(31,365)
Community services	253,139	442,241	(189,102)
Debt Service-Interest & Fiscal Charges	1,682,698	1,323,965	358,733
Amortization of Bond Discount	-	16,374	(16,374)
Unallocated Depreciation	-	344,014	(344,014)
Total Expenses	<u>\$ 10,198,604</u>	<u>\$ 7,841,518</u>	<u>\$ 2,357,086</u>
Increase/(Decrease) in Net Position	<u>\$ (1,249,962)</u>	<u>\$ (830,840)</u>	<u>\$ (419,122)</u>

Charges for services increased due to charges for lunches and before/aftercare services. Operating grants and contributions increased due to elementary and secondary school emergency relief funds provided through the coronavirus aid, relief, and economic security act. Capital grants and contributions increased related to an increase in capital outlay funds and a new discretionary sales surtax provide through Brevard County. General revenues increased mostly on account of increases in FEFP revenues and state funding for teacher salary allocations. Basic instruction, exceptional instruction, pupil personnel services increased due to the teacher salary increase allocation mandated by the State of Florida. Board decreased due to reclassification of expenses to school administration.

PINEAPPLE COVE CLASSICAL ACADEMY, INC.

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

MANAGEMENT’S DISCUSSION AND ANALYSIS

School administration increased due to reclassification of Board. Facilities increased due to the allocation of depreciation expense in the current year. Operations of plant increased due to salary increases and materials and supplies purchased in the current year. Community services decreased due to a reduction in student activities during the year. Debt service interest & fiscal charges increased by the payment of principal, current year interest, and other fiscal charges. Unallocated depreciation decreased due to the allocation of depreciation expense to the functional areas.

FINANCIAL ANALYSIS OF THE SCHOOL’S FUNDS

GOVERNMENTAL FUNDS

As the School completed the year, its governmental funds reported a total fund balance of \$2,402,638.

CAPITAL ASSETS

The School’s investment in capital assets, net of related debt for its governmental activities as of June 30, 2021, amounts to (\$6,045,672) (net of accumulated depreciation). This investment in capital assets includes, land, buildings and fixed equipment, and furniture, fixtures, and equipment. Additional information regarding the School’s capital assets can be found in the notes to the financial statements.

DEBT AND LONG-TERM LIABILITIES

The School financed the acquisition and renovation of educational facilities by issuing revenue bonds series 2019A & 2019B. The bonds mature July 1, 2054 and require monthly interest and principal payments. In addition, during the 2019-20 fiscal year the School received a Paycheck Protection Loan under the CARES Act amounting to \$803,930 to be used for payroll costs and healthcare benefits. As of June 30, 2021, the School has met the requirements of the loan and recognized revenue of \$803,930 on the Statement of Activities. Additional information regarding the School’s long-term liabilities can be found in the notes to the financial statements.

BUDGETARY HIGHLIGHTS

The general fund budget for the fiscal year ended June 30, 2021, was developed based on the School’s anticipated revenues and expenditures and the expected student population for the school year. For the fiscal year ended June 30, 2021, the actual expenditures were equal to the final budget. Refer to the Budgetary Comparison Schedule for additional information.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Pineapple Cove Classical Academy, Inc.’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director, Pineapple Cove Classical Academy, Inc., 6162 NW Minton Rd., Palm Bay, FL 32907.

PINEAPPLE COVE CLASSICAL ACADEMY, INC.
A Charter School and Component Unit of the District School Board of Brevard County, Florida
STATEMENT OF NET POSITION
June 30, 2021

ASSETS

CURRENT ASSETS

Cash	\$ 279,583
Due from other agencies	186,153
Deposits	10,000
Prepaid	90,857
	<u>566,593</u>
Total current assets	<u>566,593</u>

NONCURRENT ASSETS

Restricted cash	3,198,253
	<u>3,198,253</u>

CAPITAL ASSETS

Capital assets not being depreciated:	
Land	1,133,161
Capital assets, net of accumulated depreciation:	
Building and fixed equipment	24,005,661
Furniture, fixtures and equipment	377,666
Vehicles	16,625
	<u>25,533,113</u>
Total capital assets, net	25,533,113
Total noncurrent assets	<u>28,731,366</u>
Total assets	<u>29,297,959</u>

LIABILITIES

Accounts payable	64,324
Accrued expense	1,871
Accrued payroll liabilities	442,936
Due to other schools	21,221
Accrued interest on bonds	831,856
Current portion of bond payable	236,161
Long-term liabilities:	
Due after one year - bond payable	31,342,624
	<u>32,940,993</u>
Total liabilities	<u>32,940,993</u>

NET POSITION

Net investment in capital assets, net of related debt	(2,847,419)
Restricted for:	
Debt service	2,364,526
Unrestricted	(3,160,141)
	<u>(3,643,034)</u>
Total net position	<u>\$ (3,643,034)</u>

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

PINEAPPLE COVE CLASSICAL ACADEMY, INC.
A Charter School and Component Unit of the District School Board of Brevard County, Florida
STATEMENT OF ACTIVITIES
June 30, 2021

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental Activities:					
Basic instruction	\$ 3,903,995	\$ -	\$ 61,713	\$ -	\$ (3,842,282)
Exceptional instruction	350,744	-	-	-	(350,744)
Pupil personnel services	280,814	-	-	-	(280,814)
Curriculum development	1,251	-	1,251	-	-
Instructional-related technology	56,819	-	30,503	-	(26,316)
School administration	1,353,275	-	-	-	(1,353,275)
Facilities	1,364,978	-	-	-	(1,364,978)
Food services	308,081	162,677	107,706	-	(37,698)
Transportation	875	-	-	-	(875)
Operation of plant	641,935	-	87,005	12,800	(542,130)
Community services	253,139	228,186	12,973	-	(11,980)
Debt service - interest & fiscal charges	1,682,698	-	-	728,249	(954,449)
Total governmental activities	\$ 10,198,604	\$ 390,863	\$ 301,151	\$ 741,049	(8,765,541)
General revenues:					
					6,417,331
					294,318
					803,930
					7,515,579
					(1,249,962)
					(2,761,862)
					368,790
					(2,393,072)
					\$ (3,643,034)

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

PINEAPPLE COVE CLASSICAL ACADEMY, INC.
A Charter School and Component Unit of the District School Board of Brevard County, Florida
BALANCE SHEET – GOVERNMENTAL FUNDS
June 30, 2021

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Outlay Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash	\$ 279,583	\$ 3,198,253	\$ -	\$ -	\$ 3,477,836
Due from other agencies	-	-	40,444	145,709	186,153
Deposits	10,000	-	-	-	10,000
Prepaid	90,857	-	-	-	90,857
Due from other funds	186,153	-	-	-	186,153
Total assets	<u>\$ 566,593</u>	<u>\$ 3,198,253</u>	<u>\$ 40,444</u>	<u>\$ 145,709</u>	<u>\$ 3,950,999</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 64,324	\$ -	\$ -	\$ -	\$ 64,324
Accrued expense	-	1,871	-	-	1,871
Accrued payroll liabilities	442,936	-	-	-	442,936
Accrued interest on bonds	-	831,856	-	-	831,856
Due to other schools	21,221	-	-	-	21,221
Due to other funds	-	-	40,444	145,709	186,153
Total liabilities	<u>528,481</u>	<u>833,727</u>	<u>40,444</u>	<u>145,709</u>	<u>1,548,361</u>
FUND BALANCES					
Nonspendable	100,857	-	-	-	100,857
Restricted	-	2,364,526	-	-	2,364,526
Unassigned	(62,745)	-	-	-	(62,745)
Total fund balances	<u>38,112</u>	<u>2,364,526</u>	<u>-</u>	<u>-</u>	<u>2,402,638</u>
Total liabilities and fund balances	<u>\$ 566,593</u>	<u>\$ 3,198,253</u>	<u>\$ 40,444</u>	<u>\$ 145,709</u>	<u>\$ 3,950,999</u>

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

PINEAPPLE COVE CLASSICAL ACADEMY, INC.
A Charter School and Component Unit of the District School Board of Brevard County, Florida
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2021

Total Fund balance - Governmental Funds		\$ 2,402,638
<p>Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and therefore, are not reported as assets in governmental funds consist of:</p>		
Capital assets	27,659,592	
Accumulated depreciation	<u>(2,126,479)</u>	25,533,113
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year-end consist of:</p>		
Current portion of bond payable	(270,000)	
Due after one year - Bond payable, net of discount	(31,342,624)	
Current portion of bond amortization	<u>33,839</u>	(31,578,785)
Net Position of Governmental Activities		<u><u>\$ (3,643,034)</u></u>

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

PINEAPPLE COVE CLASSICAL ACADEMY, INC.
A Charter School and Component Unit of the District School Board of Brevard County, Florida
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2021

	General Fund	Debt Service Fund	Capital Outlay Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Federal passed through state and local	\$ -	\$ -	\$ -	\$ 301,151	\$ 301,151
State passed through local school district	6,674,153	-	471,427	12,800	7,158,380
Other revenues	265,412	270	256,822	162,677	685,181
Total revenues	<u>6,939,565</u>	<u>270</u>	<u>728,249</u>	<u>476,628</u>	<u>8,144,712</u>
Expenditures					
Current:					
Basic instruction	3,825,895	-	-	61,713	3,887,608
Exceptional instruction	350,744	-	-	-	350,744
Pupil personnel services	280,814	-	-	-	280,814
Curriculum development	-	-	-	1,251	1,251
Instructional-related technology	21,062	-	-	30,503	51,565
School administration	1,351,903	-	-	-	1,351,903
Food services	-	-	-	284,737	284,737
Operation of plant	588,210	-	-	99,805	688,015
Community service	257,666	-	-	12,973	270,639
Debt Service:					
Interest & fiscal charges	-	1,682,698	-	-	1,682,698
	<u>6,676,294</u>	<u>1,682,698</u>	<u>-</u>	<u>490,982</u>	<u>8,849,974</u>
Excess (deficiency) of revenues over (under) expenditures	263,271	(1,682,428)	728,249	(14,354)	(705,262)
Other financing sources (uses)					
Transfers in	-	1,699,970	-	14,354	1,714,324
Transfers out	(985,672)	-	(728,652)	-	(1,714,324)
Total other financing sources and (uses)	<u>(985,672)</u>	<u>1,699,970</u>	<u>(728,652)</u>	<u>14,354</u>	<u>-</u>
Net change in fund balance	<u>(722,401)</u>	<u>17,542</u>	<u>(403)</u>	<u>-</u>	<u>(705,262)</u>
Fund balances at July 1, 2020 before adjustment	(43,417)	2,346,984	403	-	2,303,970
Adjustment to July 1, 2020 fund balance	803,930	-	-	-	803,930
Restated fund balances, July 1, 2020	<u>760,513</u>	<u>2,346,984</u>	<u>403</u>	<u>-</u>	<u>3,107,900</u>
Fund balances at June 30, 2021	<u>\$ 38,112</u>	<u>\$ 2,364,526</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,402,638</u>

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

PINEAPPLE COVE CLASSICAL ACADEMY, INC.
A Charter School and Component Unit of the District School Board of Brevard County, Florida
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGE IN FUNDS BALANCES – GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2021**

Net Change in Fund Balances - Governmental Funds		\$ (705,262)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives and reported as depreciation expense. This and the net effect of various other transactions involving capital assets increased net position.		
Capital outlay	86,440	
Provision for depreciation	<u>(1,435,070)</u>	(1,348,630)
Expenses in the statement of activities that do not require the use of current financial resources are not reported in the governmental funds:		
PPP loan forgiveness	<u>803,930</u>	803,930
Change in Net Position - Governmental Activities		<u><u>\$ (1,249,962)</u></u>

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

NOTES TO FINANCIAL STATEMENTS

PINEAPPLE COVE CLASSICAL ACADEMY, INC.
A Charter School and Component Unit of the District School Board of Brevard County, Florida
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Reporting Entity

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

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, the District School Board of Brevard County, Florida, (“District”). The current charter is effective until June 30, 2023 and is subject to annual review and may be renewed by mutual agreement between the School and the District. At the end of the term of the charter, the District may choose not to renew the charter under grounds specified in the charter. In this case, the District is required to notify the school in writing at least 90 days prior to the charter’s expiration. During the term of the charter, the District may also terminate the charter if good cause is shown. In the event of termination of the charter, the District shall assume operation of the School. The School is considered a component unit of the District; therefore, for financial reporting purposes, the School is required to follow generally accepted accounting principles applicable to state and local governmental units.

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

2. Basis of Presentation

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

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

PINEAPPLE COVE CLASSICAL ACADEMY, INC.
A Charter School and Component Unit of the District School Board of Brevard County, Florida
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2. Basis of Presentation (continued)

Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program.

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

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

The School's major governmental funds are as follows:

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

Debt Service Fund – to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest.

Capital Outlay Fund – to account for financial resources that are restricted, committed or assigned to expenditures for capital outlays.

All other governmental funds are non-major and are presented in the aggregate.

3. Basis of Accounting

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

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

PINEAPPLE COVE CLASSICAL ACADEMY, INC.
A Charter School and Component Unit of the District School Board of Brevard County, Florida
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3. Basis of Accounting (continued)

Governmental fund financial statements are prepared using the modified accrual basis of accounting. Revenues, except for certain grant revenues, are recognized when they become measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The School considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for Federal, State, and other grant resources, revenue is recognized at the time the expenditure is made.

Under the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized when due. Allocations of cost, such as depreciation, are not recognized in governmental funds.

4. Cash and Cash Equivalents

Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term liquid investments with original maturities of three months or less at the date of acquisition.

Cash deposits consist of demand deposits held by local financial institutions. Deposits on hand at financial institutions are insured by the Federal Deposit Insurance Company up to \$250,000.

5. Investments

The School had not adopted a written investment policy. Therefore, pursuant to Florida Statutes, the School is authorized to invest in the Florida PRIME investment pool, administered by the State Board of Administration (SBA); Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency; interest-bearing time deposits and savings accounts in qualified public depositories, as defined by Section 280.02, Florida Statutes; and direct obligations of the United States Treasury.

The School's investments are set aside to make debt service payments, maintain sinking or reserve funds, and to purchase or construct capital assets and are classified as restricted. These investments are reported as restricted in the Debt Service and Capital Projects Funds in the Balance Sheet – Governmental Funds.

PINEAPPLE COVE CLASSICAL ACADEMY, INC.
A Charter School and Component Unit of the District School Board of Brevard County, Florida
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

6. Capital Assets

Expenditures for capital assets acquired or constructed for general School purposes are reported in the governmental fund that financed the acquisition or construction. The capital assets so acquired are reported at cost in the government-wide statement of net position but are not reported in the governmental fund financial statements.

Capital assets are defined by the School as those costing more than \$1,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at fair value at the date of donation.

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings and fixed equipment	10-20
Furniture, fixtures and equipment	5
Vehicles	5

7. Noncurrent Liabilities

Long-term obligations are reported in the government-wide financial statements and are financed by resources to be received in the future. Capital improvement debt is reported net of unamortized discount. The School amortizes debt discounts over the life of the debt using the straight-line method. Current-year information relative to changes in long-term debt is described in subsequent notes.

8. Deferred Outflows/Inflows of Resources

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

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

PINEAPPLE COVE CLASSICAL ACADEMY, INC.
A Charter School and Component Unit of the District School Board of Brevard County, Florida
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

9. Net Position and Fund Balance Classification

Government-wide Financial Statements

Net Position is classified and reported in three components:

Net Investment in Capital Assets – consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any borrowings that are attributed to the acquisition or improvement of those assets.

Restricted Net Position – consists of net position with constraints placed on their use either by external groups such as creditors, contributors, or laws or regulations of other governments.

Unrestricted Net Position – all other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

Fund Financial Statements

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

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

The School would typically use restricted fund balance first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reverses the right to selectively spend unassigned resources first to defer use of these other classified funds. No other fund besides the general fund can have negative amounts of fund balance.

PINEAPPLE COVE CLASSICAL ACADEMY, INC.
A Charter School and Component Unit of the District School Board of Brevard County, Florida
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

10. Revenue Sources

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

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

The basic amount of funding through the FEFP under Section 1011.62 is the product of the (1) unweighted FTE, multiplied by (2) the cost factor for each program, multiplied by (3) the base student allocation established by the legislature. Additional funds for exceptional students who do not have a matrix of services are provided through the guaranteed allocation designated in Section 1011.62(1)(e)2., Florida Statutes. For the fiscal year ended June 30, 2021, the School reported an estimated base funding of weighted FTE's of 942.15.

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

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

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

PINEAPPLE COVE CLASSICAL ACADEMY, INC.
A Charter School and Component Unit of the District School Board of Brevard County, Florida
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

10. Revenue Sources (continued)

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

11. Income Taxes

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

12. Use of Estimates

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

13. Subsequent Events

Management has evaluated subsequent events through August 27, 2021, the date which the financial statement were available for issuance; and has determined that no material event occurred that would require additional disclosure in the financial statement except as follows:

- As of August 2021, the School was forgiven the amount of \$803,930 by the Small Business Administration for the paycheck protection program (PPP) loan.
- Due to the effects of the Covid 19 Pandemic, the School is subjected to the Brevard County Health Department's health requirements. In the event of an outbreak within the School, campus classes may be cancelled and students will be required to take classes remotely. The virus could have a negative effect on the School's financial position, result of operations and/or cash flows, the specific outcome is not readily determinable as of the date of these financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

PINEAPPLE COVE CLASSICAL ACADEMY, INC.

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE B – ADJUSTMENT TO BEGINNING FUND BALANCE

An adjustment to the beginning fund balance for the Governmental Funds – General Fund was made to reflect the recognition of loan proceeds for the paycheck protection program not recorded previously. The beginning general fund balance of (\$43,417), as previously reported, has been increased by \$803,930, to a restated beginning general fund balance of \$760,513 on the statement of revenues, expenditures, and changes in fund balance. In addition, the beginning net position balance of (\$2,761,862), as previously reported, has been increased by \$368,790 to a restated beginning net position of (\$2,393,072) on the Statement of Activities, made to record capitalized interest incurred during construction.

NOTE C – CASH

Cash is made of deposits and cash on hand totaling \$278,717. The School’s deposit must be placed with a financial institution designation by the Treasurer of the State of Florida as a “qualified public depository”, as defined in Chapter 280, Florida Statutes. The School has identified itself as a public entity. As of June 30, 2021, no amount of the School’s cash balances held were exposed to custodial credit risk. In addition, the School reported restricted cash in the amount of \$3,198,253 was reported as a cash equivalent for financial statement reporting purposes (See Note D).

NOTE D – RESTRICTED CASH

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

All of the School’s recurring fair value measurements as of June 30, 2021 are valued using quoted market prices (Level 1 inputs).

The School’s investments at June 30, 2021, are reported as follows:

<u>Investment</u>	<u>Amount</u>
Wilmington US Government Money Market Fund	\$ 3,198,253
Total	<u>\$ 3,198,253</u>

NOTE E – DUE FROM OTHER AGENCIES & DUE TO OTHER SCHOOLS

The amount of \$186,153 was due from other agencies on the School’s statement of net position and balance sheets - governmental funds consisting of funds due from the District School Board of Brevard County for sales surtax, and elementary and secondary school emergency relief fund. This receivable is considered fully collectible and therefore, no allowance for uncollectible accounts has been established. Also, the School owed an amount due to other schools for \$21,221 related to the Pineapple Cove Classical Academy at West Melbourne for purchases made on behalf of the School.

PINEAPPLE COVE CLASSICAL ACADEMY, INC.
A Charter School and Component Unit of the District School Board of Brevard County, Florida
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE F – CHANGES IN CAPITAL ASSETS

Changes in capital assets are presented in the table below.

	Beginning Balance	Additions	Disposals	Ending Balance
Governmental Activities:				
Capital assets depreciated:				
Land	\$ 1,133,161	\$ -	\$ -	\$ 1,133,161
Total capital assets not being depreciated	<u>1,133,161</u>	<u>-</u>	<u>-</u>	<u>1,133,161</u>
Capital assets depreciated:				
Buildings and fixed equipment	25,786,032	68,940	-	25,854,972
Furniture, fixtures and equipment	653,959	-	-	653,959
Vehicles	-	17,500	-	17,500
Total capital assets depreciated	<u>26,439,991</u>	<u>86,440</u>	<u>-</u>	<u>26,526,431</u>
Less accumulated depreciation:				
Buildings and fixed equipment	543,524	1,305,787	-	1,849,311
Furniture, fixtures and equipment	147,885	128,408	-	276,293
Vehicles	-	875	-	875
Total accumulated depreciation	<u>691,409</u>	<u>1,435,070</u>	<u>-</u>	<u>2,126,479</u>
Total governmental activities capital assets, net	<u>\$ 26,881,743</u>	<u>\$ (1,348,630)</u>	<u>\$ -</u>	<u>\$ 25,533,113</u>

Depreciation expense for the year ended June 30, 2021 was charged to functions of the School as follows:

Basic Instruction	\$ 16,387
Facilities	1,364,978
Food Services	23,344
Instructional Technology	5,254
Plant	22,860
School Administration	1,372
Transportation	875
	<u>\$ 1,435,070</u>

NOTE G – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

At June 30, 2021, the School's General Fund was due \$40,044 from the Capital Outlay Fund for amounts due from the School District of Brevard County for Charter School Capital Outlay funds. In addition, the General Fund was due \$145,709 from the Other Governmental Funds for amounts due from the School District of Brevard County for sales surtax and elementary and secondary school emergency relief.

PINEAPPLE COVE CLASSICAL ACADEMY, INC.
A Charter School and Component Unit of the District School Board of Brevard County, Florida
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE G – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (continued)

The General Fund transferred \$971,318 to the Debt Service Fund for monthly debt service reserves associated with the School’s bonded debt. The Capital Outlay Fund transferred \$728,652 to the Debt Service Fund for monthly debt service reserves associated with the School’s bonded debt. The General Fund transferred \$14,354 to the Other Governmental Funds to cover a deficit of the fund. The amounts of interfund receivables, payables and transfers are netted together and not reported in the statement of net position the statement of activities.

NOTE H – LOAN PAYABLE

The School was granted a loan from TD Bank, N.A. in May 2020 in the amount of \$803,930, pursuant to the Paycheck Protection Program (the “PPP”) under Division A, Title I of the CARES Act, which was enacted March 27, 2020.

The loan, which was in the form of a Note dated May 4, 2020, matures on May 4, 2022 and bears interest at a rate of 1% per annum, payable after the end of the covered period. Under the terms of the PPP, certain amounts of the loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. As of October 2020, the School has recognized revenue in the amount of \$803,930 having met the eligible expenditures conditions of loan forgiveness.

NOTE I – BONDS PAYABLE

Bonds payable at June 30, 2021, are as follows:

<u>Bond Type</u>	<u>Amount Outstanding</u>	<u>Interest Rates</u>	<u>Annual Maturity to</u>
Revenue Bonds:			
Series 2019A	\$ 31,510,000	4.5-5.5 percent	2054
Series 2019B	560,000	6 percent	2022
less: Unamortized Bond Discount	(491,215)		
Total Bond Payable	<u>\$ 31,578,785</u>		

Revenue Bonds Series 2019A and 2019B – On February 13, 2019, the School issued tax-exempt revenue bonds (Series 2019A) for \$31,510,000 and taxable revenue bonds (Series 2019B) for \$560,000 secured by a mortgage on the School’s property and buildings. The bonds were issued to finance the acquisition of land with an existing building and to finance the construction, improvement, installation, and equipment purchase of the new educational facility.

Series 2019A bonds are term bonds paying interest semi-annually at rates ranging from 4.5% to 5.375% with maturities starting July 1, 2023 and ending July 1, 2054. Series 2019B bonds are term bonds paying interest semi-annually at a rate of 6% and principal payments semi-annually with maturities starting July 1, 2021, and ending July 1, 2022.

PINEAPPLE COVE CLASSICAL ACADEMY, INC.
A Charter School and Component Unit of the District School Board of Brevard County, Florida
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE I – BONDS PAYABLE (Continued)

Revenue Bonds Series 2019A and 2019B (continued)

As required by the bond resolution, the District has established a sinking fund and reserve account and has accumulated and maintained adequate resources in the sinking fund and reserve account.

The School is required to disclose its debt service coverage ratio and days cash on hand as described in the Loan Agreement. The minimum debt service coverage ratio is 1.1 to 1 (the “Debt Service Coverage Requirement”) as of June 30, 2021. The calculated Debt Service Coverage requirement was 1.37 to 1 as of June 30, 2021. Further, the School agrees to have cash on hand at June 30, 2021 and each June 30 until the bonds are no longer outstanding in an amount not less than 30 days at June 30, 2021 and not less than 45 days at June 30, 2022 and thereafter. The calculated day’s cash on hand was 14.40 days as of June 30, 2021.

Annual requirements to amortize all bonded debt outstanding as of June 30, 2021, are as follows:

<u>Fiscal Year Ending June 30:</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 1,933,713	\$ 270,000	\$ 1,663,713
2022	1,937,513	290,000	1,647,513
2023	2,065,113	435,000	1,630,113
2024	2,075,538	465,000	1,610,538
2025	2,074,613	485,000	1,589,613
2026	2,072,788	505,000	1,567,788
2027-2030	8,242,650	2,210,000	6,032,650
2031-2035	10,109,175	3,210,000	6,899,175
2036-2040	10,168,338	4,185,000	5,983,338
2041-2045	10,253,138	5,490,000	4,763,138
2046-2050	9,987,675	6,825,000	3,162,675
2051-2054	8,886,263	7,700,000	1,186,263
Less: Unamortized Bond Discount	(491,215)	(491,215)	-
Total	<u>\$ 69,315,302</u>	<u>\$ 31,578,785</u>	<u>\$ 37,736,517</u>

PINEAPPLE COVE CLASSICAL ACADEMY, INC.
A Charter School and Component Unit of the District School Board of Brevard County, Florida
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE I – BONDS PAYABLE (Continued)

Revenue Bonds Series 2019A and 2019B (continued)

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

	Beginning Balance	Additions	Deductions	Ending Balance	Due in one year
Governmental Activities:					
Bond Payable	\$ 32,070,000	\$ -	\$ -	\$ 32,070,000	\$ 270,000
Unamortized Discount	(491,215)	-	-	(491,215)	(33,839)
Total Bond Payable	<u>31,578,785</u>	<u>-</u>	<u>-</u>	<u>31,578,785</u>	<u>236,161</u>
 Total Governmental Activities	 <u>\$ 31,578,785</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 31,578,785</u>	 <u>\$ 236,161</u>

NOTE J – MANAGEMENT AGREEMENT

The School entered into a management agreement on June 30, 2018 with Classical Education Management, L.L.C. Inc. to operate and manage the School. The management fee is \$480 per full-time equivalent (“FTE”) student enrolled at Charter School per year, payable monthly. Monthly installments are adjusted throughout the year as the Charter School’s FEFP are received from the Brevard County School District. The contract recognizes the importance of the employment of a Director of Operations. This individual is an employee of the Charter School, however, the Management Company will reimburse the School for salaries and benefits of the Director of Operations. The amount of these reimbursements received during the fiscal year ended June 30, 2021 was \$121,889. The total amount paid on the Management Agreements during the fiscal year ended June 30, 2021 totaled \$433,656. In addition, there were reimbursement for purchases on behalf of the School related to vehicles and purchases for before/after care in the amount of \$28,200.

PINEAPPLE COVE CLASSICAL ACADEMY, INC.
A Charter School and Component Unit of the District School Board of Brevard County, Florida
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE K – CONCENTRATIONS

As stated in Note A-10, the School receives revenue for current operations primarily from the State of Florida through the local school district.

The following is a schedule of revenues sources and amounts:

Revenue sources passed through the School Board of Brevard County, Florida		
Florida education finance program	\$	5,244,692
Class size reduction		1,078,520
Instructional materials		773
Safe schools		57,164
Reading coaches		37,931
Mental health		31,664
Textbooks		65,420
Library media		4,352
Best & Brightest teacher scholarship		485
IDEA Part B		15,801
Digital classroom allocation		1,518
Less administration fee		<u>(34,720)</u>
Total revenue sources passed through the School Board of Brevard County, Florida		<u>6,503,600</u>
Florida teacher classroom supply assistance		17,387
Teacher salary increase		152,958
Miscellaneous state source		208
Security grant		12,800
ESSER		193,445
Before/after care and tutoring		228,186
School lunch reimbursement		107,706
School lunch revenue		162,677
Other revenue		37,496
Charter school sales surtax		256,822
Charter school capital outlay		471,427
Total revenue	\$	<u><u>8,144,712</u></u>

As provided in the charter school contract, the District has charged the School an administrative fees totaling \$34,720.

PINEAPPLE COVE CLASSICAL ACADEMY, INC.
A Charter School and Component Unit of the District School Board of Brevard County, Florida
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE L – EQUIPMENT LEASES

The School is currently leasing computer equipment and copiers for use in classrooms. Future minimum lease payments under non-cancellable operating leases as of June 30 are as follows:

<u>Ending June 30</u>	<u>Total</u>
2022	\$ 88,230
2023	56,097
2024	46,748
Total	<u>\$ 191,075</u>

NOTE M – RETIREMENT PLAN

The School participates in a defined contribution 403(b) plan for its full time employees. Contributions made by the School totaled \$72,436 for the year ended June 30, 2021, which were computed at 3% of employee’s deferral of wages for each participating employee. The employee must choose between a pretax or a Roth post tax deferral. Contributions are directed to individual employee’s accounts, and the individual employees allocate contributions and account balances among various available investment choices. Therefore, the School has no liability for the administration or payments of benefits of the plan, and accordingly the present value of the related benefits is not reflected in the financial statements. The School’s Board of Directors sets the plan contribution rate annually.

NOTE N – COMMITMENTS AND CONTINGENT LIABILITIES

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

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

NOTE O – RISK MANAGEMENT PROGRAMS

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

NOTE P – LEGAL MATTERS

In the normal course of conducting its operations, the School occasionally becomes party to various legal actions and proceedings. In the opinion of management, the ultimate resolution of such legal matters will not have a significant adverse effect on the accompanying financial statements.

PINEAPPLE COVE CLASSICAL ACADEMY, INC.
A Charter School and Component Unit of the District School Board of Brevard County, Florida
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE Q – RE-ISSUE FINANCIAL STATEMENTS

The accompanying financial statements were re-issued to properly remove \$270,000 in the current portion of bond payable in Balance Sheet – Governmental Funds and interest & fiscal charges in the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds related to the Revenue Bonds Series 2019A and 2019B principal. The \$270,000 principal amount had not been paid or due at the fiscal year end dated June 30, 2021. In addition, the net investment in capital assets, net of related debt on the Statement of Net Position was restated to (\$2,847,419) related to restricted cash amount of \$3,198,253 used to service the future debt.

REQUIRED SUPPLEMENTARY INFORMATION

PINEAPPLE COVE CLASSICAL ACADEMY, INC.

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

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

For the Fiscal Year Ended June 30, 2021

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Federal through State and Local	\$ 256,903	\$ -	\$ -	\$ -
State Sources	6,575,808	6,674,153	6,674,153	-
Other revenues	25,000	265,412	265,412	-
Total revenues	<u>6,857,711</u>	<u>6,939,565</u>	<u>6,939,565</u>	<u>-</u>
Expenditures				
Basic instruction	2,849,439	3,825,895	3,825,895	-
Exceptional instruction	279,152	350,744	350,744	-
Pupil Personnel Services	255,401	280,814	280,814	-
Curriculum development	-	-	-	-
Instructional-related Technology	-	21,062	21,062	-
Board of directors	752,412	-	-	-
School administration	729,686	1,351,903	1,351,903	-
Fiscal services	41,347	-	-	-
Operation of plant	625,948	588,210	588,210	-
Maintenance of plant	10,000	-	-	-
Community service	99,597	257,666	257,666	-
Total expenditures	<u>5,642,982</u>	<u>6,676,294</u>	<u>6,676,294</u>	<u>-</u>
Excess of revenues over expenditures	1,214,729	263,271	263,271	-
Other financing uses:				
Transfers out	<u>(1,180,327)</u>	<u>(985,672)</u>	<u>(985,672)</u>	<u>-</u>
Net change in fund balance	<u>34,402</u>	<u>(722,401)</u>	<u>(722,401)</u>	<u>-</u>
Fund balances at July 1, 2020 before adjustment	(43,417)	(43,417)	(43,417)	-
Adjustment to July 1, 2020 Fund Balance	<u>803,930</u>	<u>803,930</u>	<u>803,930</u>	<u>-</u>
Restated Fund Balances, July 1, 2020	<u>760,513</u>	<u>760,513</u>	<u>760,513</u>	<u>-</u>
Fund balance at June 30, 2021	<u><u>\$ 794,915</u></u>	<u><u>\$ 38,112</u></u>	<u><u>\$ 38,112</u></u>	<u><u>\$ -</u></u>

See accompanying note to required supplementary information

PINEAPPLE COVE CLASSICAL ACADEMY, INC.
A Charter School and Component Unit of the District School Board of Brevard County, Florida
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
For the Fiscal Year Ended June 30, 2021

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Other revenues	\$ 386,000	\$ 270	\$ 270	\$ -
Total revenues	<u>386,000</u>	<u>270</u>	<u>270</u>	<u>-</u>
Expenditures				
Debt Service:				
Interest & fiscal charges	1,933,713	1,682,698	1,682,698	-
Total expenditures	<u>1,933,713</u>	<u>1,682,698</u>	<u>1,682,698</u>	<u>-</u>
Deficiency of revenues under expenditures	(1,547,713)	(1,682,428)	(1,682,428)	-
Other financing sources (uses):				
Transfers in	-	1,699,970	1,699,970	-
Net change in fund balance	<u>(1,547,713)</u>	<u>17,542</u>	<u>17,542</u>	<u>-</u>
Fund balances at July 1, 2020 before adjustment	2,346,984	2,346,984	2,346,984	-
Adjustment to July 1, 2020 Fund Balance	-	-	-	-
Restated Fund Balances, July 1, 2020	<u>2,346,984</u>	<u>2,346,984</u>	<u>2,346,984</u>	<u>-</u>
Fund balances at June 30, 2021	<u>\$ 799,271</u>	<u>\$ 2,364,526</u>	<u>\$ 2,364,526</u>	<u>\$ -</u>

See accompanying note to required supplementary information

PINEAPPLE COVE CLASSICAL ACADEMY, INC.

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

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE

CAPITAL OUTLAY FUND

For the Fiscal Year Ended June 30, 2021

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
State passed through local school district	<u>\$ 500,976</u>	<u>\$ 728,249</u>	<u>\$ 728,249</u>	<u>\$ -</u>
Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>500,976</u>	<u>728,249</u>	<u>728,249</u>	<u>-</u>
Other financing sources and (uses)				
Transfers out	<u>(500,976)</u>	<u>(728,652)</u>	<u>(728,652)</u>	<u>-</u>
Total other financing sources and (uses)	<u>(500,976)</u>	<u>(728,652)</u>	<u>(728,652)</u>	<u>-</u>
Net change in fund balance	<u>-</u>	<u>(403)</u>	<u>(403)</u>	<u>-</u>
Fund balances at July 1, 2020 before adjustment	<u>403</u>	<u>403</u>	<u>403</u>	<u>-</u>
Adjustment to July 1, 2020 Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Restated Fund Balances, July 1, 2020	<u>403</u>	<u>403</u>	<u>403</u>	<u>-</u>
Fund balances at June 30, 2021	<u>\$ 403</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying note to required supplementary information

PINEAPPLE COVE CLASSICAL ACADEMY, INC.

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

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2021

1. BUDGETARY BASIS OF ACCOUNTING

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

**Independent Auditor's Report on Internal Control Over Financial Reporting and
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

To the Board of Directors
Pineapple Cove Classical Academy, Inc.,
Palm Bay, Florida.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Pineapple Cove Classical Academy, Inc. ("School"), a charter school and component unit of the District School Board of Brevard County, Florida, as of and for the year ended June 30, 2021 and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated August 30, 2021.

Internal Control Over Financial Reporting

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

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

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

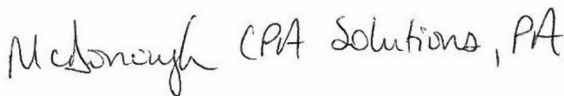
Compliance and Other Matters

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

Purpose of this Report

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

Respectfully,

A handwritten signature in black ink that reads "McDonough CPA Solutions, PA". The signature is written in a cursive style.

May 4, 2022
Rockledge, Florida

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

To the Board of Directors
Pineapple Cove Classical Academy, Inc.
Palm Bay, Florida

Report on the Financial Statements

We have audited the financial statements of the Pineapple Cove Classical Academy, Inc. (“School”), a Charter School and Component Unit of the District School Board of Brevard County, Florida, as of and for the fiscal year ended June 30, 2021, and have issued our report thereon dated August 30, 2021.

Auditor’s Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor’s Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated August 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 prior audit findings or recommendations.

Official Title

Section 10.854(1)(e)5, Rules of the Auditor General, requires that the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title and the school code assigned by the Florida Department of Education of the entity is Pineapple Cove Classical Academy, Inc., 056543.

Financial Condition and Management

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

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

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

Transparency

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

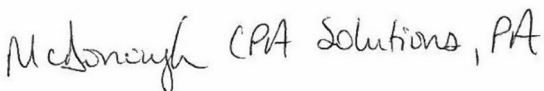
Additional Matters

Section 10.854(1)(e)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 which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

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

Respectfully,

 McDonald CPA Solutions, PA

May 4, 2022
Rockledge, Florida

MANAGEMENT FINDINGS, RECOMMENDATIONS AND RESPONSES

For the years ended June 30, 2021 and 2020, there were no findings, recommendations or other matters.