



Pinecrest North Preparatory (Fontainebleau Campus)  
WL# 5004

(A Charter School under Pinecrest Academy, Inc.)

Miami, Florida

Financial Statements and  
Independent Auditors' Report

June 30, 2021

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Pinecrest North Preparatory (Fontainebleau Campus)  
WL# 5004

8925 Fontainebleau Blvd  
Miami, FL 33172

2020-2021

BOARD OF DIRECTORS

Carlos Alvarez, Board Chair, President and Director  
Juan Molina, Secretary and Director  
Shannie Sadesky, Director  
Erin Demirjian, Director  
Carlos Coello, Director  
Albert Maillo, Director  
Sheila Gonzalez, Director

SCHOOL ADMINISTRATION

Victoria Larrauri, Principal



## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Pinecrest North Preparatory (Fontainebleau Campus)  
Miami, Florida

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Pinecrest North Preparatory (Fontainebleau Campus) (the “School”), a charter school under Pinecrest Academy, Inc., 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 *Government Auditing Standards*, issued by the Comptroller General of the United States of America. 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 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

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## 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 Pinecrest North Preparatory (Fontainebleau Campus) 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.

## Other Matters

As described in Note 1, the accompanying financial statements referred to above present only the financial position of Pinecrest North Preparatory (Fontainebleau Campus) as of June 30, 2021, and the respective changes in financial position for the year then ended, and is not intended to be a complete presentation of Pinecrest Academy, Inc. These financial statements do not purport to and do not present fairly the financial position of Pinecrest Academy, Inc. as of June 30, 2021 and its changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 14, 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, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

## Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 8 and 29 through 30 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.



Coral Gables, Florida  
September 14, 2021

CERTIFIED PUBLIC ACCOUNTANTS

**Management's Discussion and Analysis**  
Pinecrest North Preparatory (Fontainebleau Campus)  
(A Charter school Under Pinecrest Academy, Inc.)  
June 30, 2021

The corporate officers of Pinecrest Academy North Preparatory (Fontainebleau Campus) have prepared this narrative overview and analysis of the school's financial activities for the year ended June 30, 2021.

**Financial Highlights**

1. The net position of the School at June 30, 2021 was \$421,478.
2. At year-end, the School had current assets on hand of \$1,109,788.
3. The School had an increase in its net position of \$43,939 during the year ended June 30, 2021.
4. The unassigned fund balance at year end was a deficit of \$(160,655).

**Overview of the Financial Statements**

This discussion and analysis are intended to serve as an introduction to the School's basic financial statements. The School's financial statements for the year ended June 30, 2021 are presented in accordance with GASB Codification Section 2200. The financial statements have three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The *government-wide Financial Statements* are designed to provide readers with a broad overview of the School's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the School's assets and deferred outflows of resources, and liabilities and deferred inflows of resources. The difference between the four is reported as *net position*. Over time increases or decreases in net position may serve as an indicator of whether the financial position of the School is improving or deteriorating.

The *Statement of Activities* presents information on how the School's net position changed during the fiscal year. All changes in Net position are reported when the underlying event occurs without regard to the timing of related cash flows. Accordingly, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements can be found on pages 9 – 10 of this report.

Fund Financial Statements

A "fund" is a collection of related accounts grouped to maintain control over resources that have been segregated for specific activities, projects, or objectives. The School like other state and local governments uses fund accounting to ensure and report compliance with finance-related legal requirements.

All of the funds of the School are governmental or fiduciary funds. *Governmental Funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Governmental Fund financial statements, however, focus on *near-term* inflows and outflows of spendable resources, as well as on the balances of spendable resources which are available at the end of the fiscal year. Such information may be used to evaluate a government's requirements for near-term financing.

The Board of the School adopts an annual appropriated budget for its major governmental funds. A budgetary comparison statement has been provided for the major governmental fund to demonstrate compliance with the School's budget.

The basic governmental fund financial statements can be found on pages 11 - 14 of this report.

Notes to Financial Statements

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

The notes to the financial statements can be found on pages 15 - 28 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a charter school's financial position. Assets exceeded liabilities by \$421,478 at the close of the fiscal year. A summary of the School's net position as of June 30, 2021 and 2020 follows:

	2021	2020
Cash	\$ 94,139	\$ 261,030
Investments	160,000	90,000
Due from other agencies	605,649	45,041
Prepaid expenses and other current assets	250,000	63,922
Capital Assets, net	649,792	820,502
<b>Total Assets</b>	<b>1,759,580</b>	<b>1,280,495</b>
<b>Deferred outflows of resources</b>	-	-
Salaries and wages payable	214,636	145,949
Accounts payable and other liabilities	235,077	193,597
Due to Pinecrest Academy, Inc., long-term	888,389	588,389
<b>Total Liabilities</b>	<b>1,338,102</b>	<b>927,935</b>
<b>Deferred inflows of resources</b>	-	-
<b>Net Position:</b>		
Net investment in capital assets	262,778	321,023
Unrestricted	158,700	31,537
<b>Total Net Position</b>	<b>\$ 421,478</b>	<b>\$ 352,560</b>

At the end of both fiscal years, the School is able to report positive balances in total net position.

A summary and analysis of the School's revenues and expenses for the years ended June 30, 2021 and 2020 follows:

	<u>2021</u>	<u>2020</u>
<b>REVENUES</b>		
Program Revenues		
Capital Outlay Funding	\$ 469,032	\$ 261,707
Operating Grants and Contributions	609,053	295,452
Charges for Services	17,091	29,312
General Revenues		
Local Sources (FTE and other non specific)	4,466,150	2,896,624
Other Revenues	103,459	471,179
<b>Total Revenues</b>	<u>\$ 5,664,785</u>	<u>\$ 3,954,274</u>
<b>EXPENSES</b>		
Governmental Activities:		
Instruction	\$ 2,685,127	\$ 1,963,541
Student support services	297,910	31,068
Instructional staff training	-	4,788
Board	54,933	15,281
General administration	89,360	86,753
School administration	529,323	445,807
Fiscal services	96,150	61,575
Food services	150,079	175,124
Central services	125,433	88,013
Operation of plant	1,368,324	898,022
Maintenance of plant	174,836	135,440
Administrative technology services	-	4,064
Community services	49,371	-
<b>Total Expenses</b>	<u>5,620,846</u>	<u>3,909,476</u>
Increase in Net Position	43,939	44,798
Net Position at Beginning of Year, as restated	<u>377,539</u>	<u>307,762</u>
Net Position at End of Year	<u>\$ 421,478</u>	<u>\$ 352,560</u>

The School had an increase in revenues and expenditures of \$1,710,511 and \$1,711,370, respectively, due to increase in enrollment. The School had an increase in its net position of \$43,939 for the year.

### **School Location and Lease of Facility**

School leased facilities are located at 8925 Fontainebleau Blvd, Miami, Florida 33172.

### **Capital Improvement Requirements**

The School maintains a continuous capital improvement program to enhance facilities and update fixtures and equipment as required.



## **FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUND**

As noted earlier, the School uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

### **Governmental Funds**

The focus of the School's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the School's financing requirements. In particular, the *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Most of the School's operations are funded in the General Fund. The majority of the General Fund revenues are distributed to the School by the District through the Florida Education Finance Program (FEFP), which uses formulas to distribute state funds and an amount of local property taxes (i.e., required local effort) established each year by the Florida Legislature.

At the end of the fiscal year, the School's governmental general fund reported ending fund balance of \$89,345. The fund balance unassigned and available for spending at the School's discretion is a deficit of \$(160,655). These funds will be available for the School's future ongoing operations.

### **Capital Assets**

The School's investment in capital assets as of June 30, 2021 amounts to \$649,792 (net of accumulated depreciation). This investment in capital assets includes building and improvements, audiovisual and software and furniture, fixtures, computer equipment and textbooks. As of June 30, 2021, the School had \$888,389 of long term advances associated to its capital assets and working capital.

## Governmental Fund Budget Analysis and Highlights

Prior to the start of the School's fiscal year, the Board of the Charter School adopted an annual budget. A budgetary comparison statement has been provided for the governmental funds to demonstrate compliance with the School's budget.

	Governmental Fund		
	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
Program Revenues			
State capital outlay funding	\$ 320,250	\$ 469,033	\$ 469,032
Federal sources	158,900	98,254	98,254
Charges for services	23,700	17,000	17,091
General Revenues			
FTE nonspecific revenues	4,448,247	4,463,247	4,466,150
Other revenues	68,500	97,500	103,459
Total Revenues	<u>\$ 5,019,597</u>	<u>\$ 5,145,034</u>	<u>\$ 5,153,986</u>
<b>CURRENT EXPENDITURES</b>			
Governmental Activities			
Instruction	\$ 2,078,208	\$ 2,510,008	\$ 2,508,099
Student support services	193,964	300,964	297,910
Board	37,017	55,000	54,933
General administration	86,812	90,000	89,360
School administration	468,135	520,135	519,027
Fiscal services	96,075	96,075	96,150
Food services	158,900	128,900	125,149
Central services	116,075	126,075	125,433
Operation of plant	1,234,987	1,368,770	1,368,061
Maintenance of plant	191,000	161,000	153,873
Community services	53,280	50,000	49,371
Total Current Expenditures	<u>\$ 4,714,453</u>	<u>\$ 5,406,927</u>	<u>\$ 5,387,366</u>

Most variances occurred as a result of the budget adopted being more conservative than actual results for the year.

### Requests for Information

This financial report is intended to provide a general overview of the finances of the Charter School. Requests for additional information may be addressed to Ms. Ana Martinez at Academica Dade, LLC, 6340 Sunset Drive, Miami, Florida 33143.

Pinecrest North Preparatory (Fontainebleau Campus)  
 (A charter school under Pinecrest Academy, Inc.)

Statement of Net Position  
 June 30, 2021

	<u>Primary Government Governmental Activities</u>
<b><u>Assets</u></b>	
Current Assets:	
Cash	\$ 94,139
Investments	160,000
Due from other agencies	605,649
Prepaid expenses and other current assets	<u>250,000</u>
Total Current Assets	1,109,788
Capital assets, depreciable	1,112,099
Less accumulated depreciation	<u>(462,307)</u>
	649,792
Total Assets	<u>1,759,580</u>
<b><u>Deferred Outflows of Resources</u></b>	
	<u>-</u>
<b><u>Liabilities</u></b>	
Current Liabilities:	
Salaries and wages payable	214,636
Accounts payable and other liabilities	<u>235,077</u>
Total Current Liabilities	449,713
Due to Pinecrest Academy, Inc., long-term	<u>888,389</u>
Total Liabilities	1,338,102
<b><u>Deferred Inflows of Resources</u></b>	
	<u>-</u>
<b><u>Net Position</u></b>	
Net investment in capital assets	262,778
Unrestricted	<u>158,700</u>
Total Net Position	<u>\$ 421,478</u>

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

Pinecrest North Preparatory (Fontainebleau Campus)  
(A charter school under Pinecrest Academy, Inc.)

Statement of Activities  
For the year ended June 30, 2021

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary Government</b>					
<b>Governmental Activities:</b>					
Instruction	\$ 2,685,127	\$ -	\$ 211,119	\$ -	\$ (2,474,008)
Student support services	297,910	-	322,633	-	24,723
Board	54,933	-	-	-	(54,933)
General administration	89,360	-	-	-	(89,360)
School administration	529,323	-	-	-	(529,323)
Fiscal services	96,150	-	-	-	(96,150)
Food services	150,079	17,091	71,146	-	(61,842)
Central services	125,433	-	-	-	(125,433)
Operation of plant	1,368,324	-	-	469,032	(899,292)
Maintenance of plant	174,836	-	4,155	-	(170,681)
Community services	49,371	67,568	-	-	18,197
<b>Total Governmental Activities</b>	<b>5,620,846</b>	<b>84,659</b>	<b>609,053</b>	<b>469,032</b>	<b>(4,458,102)</b>

General revenues:	
FTE and other nonspecific revenues	4,466,150
Interest and other revenue	35,891
	<u>4,502,041</u>
Change in net position	43,939
Net position, beginning, as restated	377,539
Net position, ending	<u>\$ 421,478</u>

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

Pinecrest North Preparatory (Fontainebleau Campus)  
(A charter school under Pinecrest Academy, Inc.)

Balance Sheet - Governmental Funds  
June 30, 2021

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Non-Major Funds</u>	<u>Total Governmental Funds</u>
<b><u>Assets</u></b>				
Cash	\$ 34,208	\$ 59,931	\$ -	\$ 94,139
Investments	160,000	-	-	160,000
Due from other government agencies	27,126	27,108	40,616	94,850
Due from fund	67,724	-	-	67,724
Prepaid expenses and other assets	250,000	-	-	250,000
Total Assets	<u>539,058</u>	<u>87,039</u>	<u>40,616</u>	<u>666,713</u>
<b><u>Deferred Outflows of Resources</u></b>				
	-	-	-	-
<b><u>Liabilities</u></b>				
Due to fund	-	27,108	40,616	67,724
Salaries and wages payable	214,636	-	-	214,636
Accounts payable and other liabilities	235,077	-	-	235,077
Total Liabilities	<u>449,713</u>	<u>27,108</u>	<u>40,616</u>	<u>517,437</u>
<b><u>Deferred Inflows of Resources</u></b>				
	-	-	-	-
<b><u>Fund balance</u></b>				
Nonspendable, not in spendable form	250,000	-	-	250,000
Assigned	-	59,931	-	59,931
Unassigned	(160,655)	-	-	(160,655)
	<u>89,345</u>	<u>59,931</u>	<u>-</u>	<u>149,276</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 539,058</u>	<u>\$ 87,039</u>	<u>\$ 40,616</u>	<u>\$ 666,713</u>

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

Pinecrest North Preparatory (Fontainebleau Campus)  
(A charter school under Pinecrest Academy, Inc.)

Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position  
June 30, 2021

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Total Fund Balance - Governmental Funds \$ 149,276

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

Capital assets net of accumulated depreciation of used in governmental activities are not financial resources and therefore are not reported in the fund.

Capital assets, depreciable	1,112,099	
Less accumulated depreciation	<u>(462,307)</u>	649,792

Receivables in governmental activities that are not collected within 60 days are not current financial resources and therefore are not reported in the governmental funds. 510,799

Long Term Liabilities were not due and payable in the current period and, therefore, are not reported in the funds. (888,389)

Total Net Position - Governmental Activities \$ 421,478

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

Pinecrest North Preparatory (Fontainebleau Campus)  
(A charter school under Pinecrest Academy, Inc.)

Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds  
For the year ended June 30, 2021

	General Fund	Special Revenue Fund	Non-Major Funds	Total Governmental Funds
<b>Revenues:</b>				
State capital outlay funding	\$ -	\$ -	\$ 469,032	\$ 469,032
State passed through local	4,466,150	-	-	4,466,150
Federal sources	-	98,254	-	98,254
Charges for services	-	17,091	-	17,091
Other revenue	35,891	67,568	-	103,459
<b>Total Revenues</b>	<b>4,502,041</b>	<b>182,913</b>	<b>469,032</b>	<b>5,153,986</b>
<b>Expenditures:</b>				
<b>Current</b>				
Instruction	2,022,878	485,221	-	2,508,099
Student support services	275,335	22,575	-	297,910
Board	54,933	-	-	54,933
General administration	89,360	-	-	89,360
School administration	519,027	-	-	519,027
Fiscal services	96,150	-	-	96,150
Food services	-	125,149	-	125,149
Central services	125,433	-	-	125,433
Operation of Plant	899,029	-	469,032	1,368,061
Maintenance of plant	149,718	4,155	-	153,873
Community services	-	49,371	-	49,371
<b>Capital outlay:</b>				
Other capital outlay	36,814	25,956	-	62,770
<b>Total Expenditures</b>	<b>4,268,677</b>	<b>712,427</b>	<b>469,032</b>	<b>5,450,136</b>
Excess (Deficit) of Revenues Over Expenditures	233,364	(529,514)	-	(296,150)
<b>Other financing sources</b>				
Transfers in and (out)	(564,466)	564,466	-	-
Long term advances from Pinecrest Academy, Inc.	300,000	-	-	300,000
<b>Net change in fund balance</b>	<b>(31,102)</b>	<b>34,952</b>	<b>-</b>	<b>3,850</b>
Fund Balance at beginning of year, as restated	120,447	24,979	-	145,426
Fund Balance at end of year	\$ 89,345	\$ 59,931	\$ -	\$ 149,276

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

Pinecrest North Preparatory (Fontainebleau Campus)  
 (A charter school under Pinecrest Academy, Inc.)

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance  
 of Governmental Funds to the Statement of Activities  
 For the year ended June 30, 2021

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Change in Fund Balance - Governmental Funds \$ 3,850

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 cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays differed from depreciation expense.

Capital outlay expenditures	62,770	
Depreciation expense	<u>(233,480)</u>	(170,710)

Revenues are recognized using the full accrual basis of accounting in the government-wide statements. However, revenues are recognized when they are measurable and available in the governmental funds. These revenues did not meet the recognition criteria during the current year and, therefore, were not reported in the governmental funds. 510,799

The proceeds from long term advances issuance provide current financial resources to governmental funds, but issuing debt increases long term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which proceeds exceeded repayments. (300,000)

Change in Net Position of Governmental Activities \$ 43,939

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



## **Note 1 – Summary of Significant Accounting Policies**

### Reporting Entity

Pinecrest North Preparatory (Fontainebleau Campus) (the "School"), is a charter school sponsored by the School Board of Miami-Dade County, Florida (the "District"). The School's charter is held by Pinecrest Academy, Inc., 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 board of directors of Pinecrest Academy, Inc., which is composed of seven members and also governs other charter schools. The board of directors has determined that no component units exist that would require inclusion in the School's financial statements.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter granted by the sponsoring district, the School Board of Miami-Dade County, Florida. The current charter expires on June 30, 2022 and it can be renewed in accordance with the law. A charter can also be terminated before its date of expiration for reasons set forth in the charter and Section 1002.33 of the Florida Statutes.

The School's location is in Miami, Florida for children from kindergarten through eighth grade and is funded by the District. These financial statements are for the year ended June 30, 2021, when on average 635 students were enrolled for the school year.

### Basis of presentation

The School's accounting policies conform to accounting principles generally accepted in the United States as applicable to state and local governments. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. Accordingly, the basic financial statements include both the government-wide and fund financial statements.

### Government-wide and 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 report information about the School as a whole. Any internal interfund activity has been eliminated from these financial statements. Both statements report only governmental activities as the School does not engage in any business type activities. These statements also do not include fiduciary funds.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity.

**Note 1 – Summary of Significant Accounting Policies (continued)**

Program revenues include: (1) charges for services, such as food service and student activity fees; (2) operating grants such as the National School Lunch Program, Federal grants, and other state allocations; and (3) capital grants specific to capital outlay. In addition, revenues not classified as program revenues are shown as general revenues, which include Florida Education Finance Program (FEFP) revenues and other miscellaneous sources.

*Fund Financial Statements*

Fund financial statements are provided for governmental funds. The operations of the funds are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues and expenditures. The School reports the following major governmental funds with all non-major funds aggregated in a single column:

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

*Special Revenue Fund* – accounts for specific revenues, such as federal funding, federal lunch program, and COVID-19 emergency relief funding that are legally restricted to expenditures for particular purposes. Also, accounts for resources of the School's Internal Fund, which is used to administer monies collected in connection with school, student athletics, class, and club activities.

Measurement Focus and Basis of Accounting

The financial statements of the School are prepared in accordance with generally accepted accounting principles (GAAP). The School's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) *Codification of Accounting and Financial Reporting Guidance*. The government-wide statements report using the economic resources measurement focus and the full 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.

The School recognizes assets of non-exchange transactions in the period when the underlying transaction occurs, when an enforceable legal claim has arisen, or when all eligibility requirements are met. Revenues are recognized, on the modified accrual basis, when they are measurable and available. Non-exchange transactions occur when the school provides (or receives) value to (from) another party without receiving (or giving) equal or nearly equal value in return. Most donations are examples of non-exchange transactions. Revenues from grants and donations are recognized on the accrual basis, in the fiscal year in which all eligibility requirements have been satisfied. In addition, revenues not classified as program revenues are shown as general revenues, which include Florida Education Finance Program (FEFP) revenues and other miscellaneous sources.

### **Note 1 – Summary of Significant Accounting Policies (continued)**

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. “Measurable” means the amount of the transaction can be determined. “Available” means 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 fiscal year.

Florida Education Finance Program (FEFP) revenues are recognized when received. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Charges for services and fees are recognized when cash is collected as amounts are not measurable. When grant terms provide that the expenditure of funds is the prime factor for determining eligibility for federal, state, and other grant funds, revenue is recognized at the time the expenditure is made. Expenditures are recorded when the related fund liability is incurred, except for long-term debt principal and interest which are reported as expenditures in the year due.

#### Budgets and Budgetary Accounting

In compliance with Florida Statutes, the Board of Directors adopts an annual budget using 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). Revisions to the annual budget are approved by the Board.

#### Inter-fund Transfers

Inter-fund receivables/payables (“due from/to”) are short-term balances that represent reimbursements between funds for payments made by one fund on behalf of another fund.

#### Due from Other Governments or Agencies

Amounts due to the School by other governments or agencies are for grants or programs under which the services have been provided by the School.

#### Prepaid Expenses and Other Current Assets

Other assets consist mainly of prepaid expenses which are payments for goods or services that have not been consumed or used at year end. The expenditure will be recorded when the asset is used. Accordingly, prepaid expenses are equally offset by a nonspendable fund balance classification.

**Note 1 – Summary of Significant Accounting Policies (continued)**

Capital Assets

The School’s property, plant and equipment with useful lives of more than one year are stated at historical cost and comprehensively reported in the statement of net position in the government-wide financial statements. Donated capital assets are recorded at their estimated fair market value on the date donated. The School generally capitalizes assets with a cost of \$1,000 or more. Building improvements, additions and other capital outlays that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in the government-wide statements. Proceeds received from the sale or disposal of capital assets are recorded as Other Financing Sources in the governmental funds.

Estimated useful lives, in years, for depreciable assets are as follows:

Improvements	10 - 20 Years
Furniture and Equipment	5 Years
Software	3 Years

Compensated Absences

The School grants a specific number of sick days. Full time instructional employees are eligible to one day per month to up to ten days of active work during the ten-month period (a “benefit year”). In the event that available time is not used by the end of the benefit year, employees may “rollover” all unused days for use in future benefit years. There is an opportunity to “cash out” unused sick days however, the employees may only cash out if they have used three days or less of their sick leave in that benefit year. Employees may not cash out more than ten days per school year and are required to always maintain a minimum of twenty-one unused days in order to cash out. The cash out value is eighty percent of their current daily rate. There is no termination payment for accumulated unused sick days.

Long-Term Debt

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. In the fund financial statements, governmental fund types report the face amount of debt issued as other financing sources.

GASB Codification Section C60, *Accounting for Compensated Absences*, provides that compensated absences that are contingent on a specific event that is outside the control of the employer and employee should be accounted for in the period those events take place. Accordingly, these financial statements do not include an accrual for compensated absences available to be used in future benefits years.

**Note 1 – Summary of Significant Accounting Policies (continued)**

GASB Codification Section C60, *Accounting for Compensated Absences*, provides that compensated absences that are contingent on a specific event that is outside the control of the employer and employee should be accounted for in the period those events take place. Accordingly, these financial statements do not include an accrual for compensated absences available to be used in future benefits years.

The School also provides certain days to be used for specific personal matters such as family death and jury duty. Because the use of such days is contingent upon those events taking place and such events are out of the control of both the employer and the employee, there is no accrual for such days.

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, Florida Statutes, the School will report the number of full-time equivalent (FTE) students and related data to the District. Under the provisions of Section 1011.62, Florida Statutes, the District reports the number of the full-time equivalent (FTE) students and related data to the Florida Department of Education (FDOE) for funding through the FEFP. Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the FEFP and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey periods. After review and verification of FTE reports and supporting documentation, the FDOE may adjust subsequent fiscal period allocations of FEFP funding for prior year errors disclosed by its review as well as to prevent statewide allocations from exceeding the amount authorized by the Legislature. Normally, such adjustments are treated as reductions of revenue in the year the adjustment is made.

The School receives state funds through the District under charter school capital outlay funding pursuant to Section 1013.62, Florida Statutes. Funds are based on a capital outlay plan submitted to the District and are to be used for lease of school facilities. In addition, the School may receive a portion of the local capital improvement ad valorem tax revenues levied by the District.

Finally, the School also receives Federal awards for the enhancement of various educational programs. Federal awards are generally received based on applications submitted to and approved by various granting agencies. For Federal 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. Any excess amounts are recorded as deferred revenues until expended. Additionally, other revenues may be derived from various fundraising activities and certain other programs.

## **Note 1 – Summary of Significant Accounting Policies (continued)**

### Net Position and Fund Balance Classifications

#### *Government-wide financial statements*

Equity is classified as net position and displayed in three components:

- a) Net investment in capital assets - consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributable to the acquisition or improvement of those assets.
- b) Restricted net position - consists of balances with constraints placed on their use either by external groups such as creditors, grantors, contributors or laws or regulations of other governments. There is no restricted net position balance at year end.
- c) Unrestricted net position - all other balances that do not meet the definition of "restricted" or "net investment in capital assets."

When both restricted and unrestricted resources are available for a specific purpose, it is the School's policy to use restricted resources first, until exhausted, before using unrestricted resources.

#### *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 properly reported within one of the fund balance categories listed below:

- a) Nonspendable – includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Consists of fund balance associated with prepaid expenses. All nonspendable fund balances at year end relate to not in spendable form assets.
- b) Restricted – this classification includes fund balance category amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. There are no restricted fund balances at year end.
- c) Committed – fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School's Board of Directors. There are no committed fund balances at year end.
- d) Assigned – fund balance classification that is intended to be used by the School's management for specific purposes but do not meet the criteria to be classified as restricted or committed. As of June 30, 2021, there is \$59,931 in assigned cash in connection with the School's Internal Account.

**Note 1 – Summary of Significant Accounting Policies (continued)**

- e) Unassigned – portion of the fund balance that has not been restricted, committed or assigned for a specific purpose. This is the residual classification for the School’s general fund.

Committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net 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 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 net 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 and so will not be recognized as an inflow of resources (revenue) until that time. The School does not have any items that qualify for reporting in this category.

Income Taxes

Pinecrest Academy, Inc. qualifies as a tax-exempt organization under Internal Revenue Code Section 501(c)(3), and is, therefore, exempt from income tax. Accordingly, no tax provision has been made in the accompanying financial statements.

Cash and Investments

Cash and cash equivalents are considered to be cash on hand, demand deposits, non-marketable time deposits with maturities of three months or less when purchased, and money market/savings accounts.

The School has not adopted a formal deposit and investment policy that limits the School’s allowable deposits or investments and address specific types of risk; however the School invests excess deposit funds in a government money market mutual fund. The School follows the provisions of GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and External Investment Pools, GASB Statement No. 72, *Fair Value Measurement and Application*, and other related standards which establish accounting and financial reporting standards for all investments (see Note 2). Money market investment that have maturities of one year or less from the date of acquisition are reported at amortized cost rather than fair value. Amortized cost closely approximates fair value.

## **Note 1 – Summary of Significant Accounting Policies (continued)**

### New Accounting Standard Adopted

In fiscal year 2021, the School adopted a new statement of financial accounting standard issued by Governmental Accounting Standards Board: Statement No. 84 *Fiduciary Activities*. See Note 7.

### Pronouncements Issued But Not Yet Effective

GASB has issued GASB Statement No. 87 *Leases*, effective fiscal year 2022, that will affect the future financial position, results of operations, or financial presentation of the School upon implementation. The School is currently evaluating the effect that implementation of the new standard will have on its financial statements.

### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

### Subsequent Events

In accordance with GASB Codification Section 2250.106, the School has evaluated subsequent events and transactions for potential recognition or disclosure through September 14, 2021, which is the date the financial statements were available to be issued.

## **Note 2 – Cash, Cash Equivalents and Investments**

### Deposits

The School maintains its cash and cash equivalents in two financial institutions. Deposits at FDIC-insured institutions are insured up to \$250,000 per depositor, per financial institution. The School is a charter school under Pinecrest Academy, Inc., which also operates various other charter schools. All bank accounts are opened under the account ownership of Pinecrest Academy, Inc., therefore, bank balances at times may potentially be in excess of FDIC coverage. As of June 30, 2021, bank balances in potential excess of FDIC coverage was approximately \$64,000.



**Note 2 – Cash, Cash Equivalents and Investments (continued)**

Investments

The School follows the Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in markets for identical assets; Level 2 inputs are significant other observable inputs (including quoted prices for similar investments, interest rates, credit risk, etc.); Level 3 inputs are significant unobservable inputs.

At June 30, 2021, the School had \$480,000 invested in a governmental money market mutual fund that is exempt from GASB 72 fair value hierarchy disclosures. The governmental money market mutual fund values its portfolio securities at amortized cost which approximates fair value. The government money market mutual fund primarily invests in cash, high quality, short-term U.S. government securities and/or repurchase agreements that are collateralized fully by government securities that have been valued by the fund as Level 2. As of June 30, 2021, maturities of the fund's portfolio holdings are approximately 79% within 30 days.

Credit Risk

*Concentration of credit risk* is the risk of loss attributed to the magnitude of investments in a single issuer. The School manages its exposure to credit risk by limiting investments to highly rated government money market mutual funds. The fund is rated Aaa-mf by Moody's.

*Custodial credit risk* is the risk that in the event of a failure of a depository financial institution or counterparty that is in possession of investment or collateral securities, the School will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty to a transaction, the School will not be able to recover the value of investments or collateral securities that are in the possession of an outside party. As of June 30, 2021, all of the School's investments in government money market mutual funds were held in a separate account and designated as assets of the School.

*Interest rate risk* is the risk that changes in interest rate will adversely affect the fair value of an investment. The School manages its exposure to declines in fair values by limiting all investments to government money market mutual funds that can be redeemed daily.

Pinecrest North Preparatory (Fontainebleau Campus)  
(A charter school under Pinecrest Academy, Inc.)  
Notes to Financial Statements  
June 30, 2021

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**Note 3 – Capital Assets**

The following schedule provides a summary of changes in capital assets, acquired substantially with public funds, for the year ended June 30, 2021:

	Balance 07/01/20	Additions	Retirements/ Reclassification	Balance 06/30/21
<b>Capital Assets:</b>				
Buildings and improvements	\$ 100,221	\$ -	\$ -	\$ 100,221
Furniture, equipment and fixtures	946,750	62,770	-	1,009,520
Computer software	2,358	-	-	2,358
Total Capital Assets	<u>1,049,329</u>	<u>62,770</u>	<u>-</u>	<u>1,112,099</u>
<b>Less: Accumulated Depreciation</b>				
Buildings and improvements	(16,649)	(20,044)	1,142	(35,551)
Furniture, equipment and fixtures	(210,737)	(211,583)	(1,142)	(423,462)
Computer software	(1,441)	(1,853)	-	(3,294)
Total Accumulated Depreciation	<u>(228,827)</u>	<u>(233,480)</u>	<u>-</u>	<u>(462,307)</u>
Capital Assets, net	<u>\$ 820,502</u>	<u>\$ (170,710)</u>	<u>\$ -</u>	<u>\$ 649,792</u>

For the fiscal year ended June 30, 2021, depreciation expense is allocated in the Statement of Activities by function as follows:

Instruction	\$	177,028
School administration		10,296
Food services		24,930
Operation of plant		263
Maintenance of plant		20,963
Total Depreciation Expense	<u>\$</u>	<u>233,480</u>

**Note 4 – Education Service and Support Provider**

Academica Dade, LLC, an education service and support provider, offers administrative services to the School including, but not limited to, facility design, staffing recommendations, human resource coordination, regulatory compliance, legal and corporate upkeep, maintenance of the books and records, bookkeeping, budgeting and financial reporting and virtual education services. The agreement calls for a fee on a per student basis.

The agreement is with Pinecrest Academy, Inc., through June 30, 2022, and unless terminated by the board shall be renewed along with any renewals to the charter agreement. During the year ended June 30, 2021, the School incurred \$288,450, in fees.

**Note 5 – Transactions With Other Divisions of Pinecrest Academy, Inc.**

Pinecrest Academy, Inc. charges all its affiliated schools an assessment for shared corporate costs and accreditation expenses. Pinecrest North Preparatory (Fontainebleau Campus) paid Pinecrest Academy, Inc. \$96,150 in connection with these charges during the year.

The following schedule provides a summary of changes in long-term advances for the year ended June 30, 2021:

	Balance 07/01/20	Advances	Repayments	Balance 06/30/21
Pinecrest Academy, Inc.	\$ 588,389	\$ 300,000	\$ -	\$ 888,389
Total long term advances	\$ 588,389	\$ 300,000	\$ -	\$ 888,389

Recoverable Grant

The School received various recoverable grants totaling \$450,000 from Pinecrest Academy, Inc. during the 2019-2020 school year. The purpose of the Grant is to assist the School in its successful development and to incentivize the School to develop annual surpluses. The Grant shall become repayable once the School operates with a surplus from its operating budget in any fiscal year. During the 2021 school year, the School repaid \$200,000. The maximum the School may be required to pay in the future should the School meet the requirements for repayment is \$250,000.

**Note 6 – Commitments, Contingencies and Concentrations**

Lease Agreement

The School entered into a lease agreement with Fontainebleau School Property, LLC (the “Landlord”, an affiliate of the School’s education service provider – Note 4) for a 47,836 square foot building including parking areas.

Fixed initial annual payments under this agreement are based on a rate of \$24.73 per square footage of the building, which total to approximately \$1,183,000 to be adjusted commencing on the third lease year based on the Consumer Price Index (CPI) plus additional property costs including repairs, maintenance, and insurance. The agreement commences on the Occupancy Date and continues through June 30, 2039 with an option to renew for two additional five year terms. The Occupancy Date is the date that the Building is made tenantable and occurred on August 19, 2019.

For 2021, rent expense was approximately \$936,000.

**Note 6 – Commitments, Contingencies and Concentrations (Continued)**

Lease Agreement (continued)

Future minimum payments under the lease are as follows:

Year	Annual Lease Payments	
2022	\$	1,183,000
2023	\$	1,183,000
2024	\$	1,183,000
2025	\$	1,183,000
2026	\$	1,183,000
2027-2031	\$	5,915,000 Total for a five-year period
2032-2036	\$	5,915,000 Total for a five-year period
2037-2039	\$	3,549,000 Total for a three-year period

Contingencies and Concentrations

The School receives substantially all of its funding from the District under the Florida Education Finance Program (FEFP), which is based in part on a computation of the number of full-time equivalent (FTE) students attending different instructional programs. The accuracy of FTE student data submitted by individual schools and used in the FEFP computations is subject to audit by the state and, if found to be in error, could result in refunds to the state or in decreases to future funding allocations. Additionally, the School participates in a number of federal, state and local grants which are subject to financial and compliance audits. It is the opinion of management that the amount of revenue, if any, which may be remitted back to the state due to errors in the FTE student data or the amount of grant expenditures which may be disallowed by grantor agencies would not be material to the financial position of the School.

Pursuant to the Charter School contract with the School District, the District withholds an administrative fee up to 5% of the qualifying revenues of the School. For the year ended June 30, 2021, administrative fees withheld by the School District totaled \$89,360.

**Note 7 – Implementation of GASB 84**

As of July 1, 2020, the School implemented GASB Statement No. 84. Fiduciary Activities. This Statement establishes new criteria for identifying fiduciary activities which, when met, require that activities be reported in a fiduciary fund in the basic financial statements. Items previously reported as part of the agency fund classification of the Fiduciary Fund statements were reviewed to evaluate if they met the new custodial funds criteria. The School identified the School’s internal account as non-fiduciary and re-categorized them as assigned in the Special Revenue Fund.

Pinecrest North Preparatory (Fontainebleau Campus)  
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Notes to Financial Statements  
June 30, 2021

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**Note 7 – Implementation of GASB 84 (continued)**

The government-wide net position and fund balances were restated as a result of the implementation of GASB Statement No. 84 as follows:

	Fiscal Year June 30, 2020 <u>Original</u>	GASB Statement No.84	Fiscal Year June 30, 2021 <u>(Restated)</u>
Net change in fund balances	\$ (37,395)		\$ (37,395)
Fund balances (deficit) at beginning	157,842		157,842
Restatement of beginning fund balances	-	24,979	24,979
Fund balances (deficit) at the end of year	<u>\$ 120,447</u>		<u>\$ 145,426</u>
Change in net position	\$ 44,798		\$ 44,798
Net position (deficit), beginning	307,762		307,762
Restatement of beginning net position		24,979	24,979
Net position (deficit), ending	<u>\$ 352,560</u>		<u>\$ 377,539</u>

**Note 8 – Interfund Transfers**

Interfund transfers in governmental funds as of June 30, 2021 consist of the following:

	General Fund	Special Revenue Fund	Non-Major Funds
To fund lunch deficit	\$ (36,912)	\$ 36,912	\$ -
Transfer in beginning internal account balance	(16,755)	16,755	-
To fund GEER federal expenditures for which revenues were not collected	(135,480)	135,480	-
To fund ESSER federal expenditures for which revenues were not collected	(375,319)	375,319	\$ -
Total Transfers, net	<u>\$ (564,466)</u>	<u>\$ 564,466</u>	<u>\$ -</u>
Due from/(due to) balances:			
Due to General Fund from Capital Projects Fund for capital outlay	\$ 40,616	\$ -	\$ (40,616)
Due to General Fund from Special Revenue Fund for Title IV	27,108	(27,108)	-
Total Due from/(Due to)	<u>\$ 67,724</u>	<u>\$ (27,108)</u>	<u>\$ (40,616)</u>

### **Note 9 – Risk Management**

The School is exposed to various risks of loss related to torts, thefts of, damage to and destruction of assets, errors and omissions and natural disasters for which the School carries commercial insurance. Settlement amounts have not exceeded insurance coverage for the past years. In addition, there were no reductions in insurance coverage from those in the prior year. The School has entered into a strategic relationship with ADP TotalSource, Inc., a human resource management firm, typically known as “Professional Employer Organization” (PEO).

Under a co-employment agreements, the PEO is the employer of record and is responsible for administering payroll, payroll taxes, provide employee benefits and assist with human resources and risk management. Accordingly, certain human resource related risks are transferred to the PEO. Nevertheless, the School may be subject to risks, including loss, penalties and fines related to employment practices, administrative error and omissions.

### **Note 10 – Defined Contribution Retirement Plan**

The School’s personnel, who are leased through ADP TotalSource Group, Inc., are eligible to participate in a defined contribution 401(k) plan sponsored by the leasing company, covering employees who meet certain age and tenure requirements. Under the ADP TotalSource Retirement Savings Plan (the “Plan”), the School provides a match of 100% of the employees contribution up to 4% of the employee’s compensation. The School contributed to the Plan \$37,483 for the year ended June 30, 2021. The School does not exercise any control or fiduciary responsibility over the Plans’ assets, which are administered by Voya Financial.

REQUIRED SUPPLEMENTARY INFORMATION

Pinecrest North Preparatory (Fontainebleau Campus)  
(A charter school under Pinecrest Academy, Inc.)

Statement of Revenues, Expenditures, and Changes in Fund Balance  
For the year ended June 30, 2021

	General Fund		
	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
State passed through local	\$ 4,448,247	\$ 4,463,247	\$ 4,466,150
Interest and other revenues	30,000	30,000	35,891
Total Revenues	4,478,247	4,493,247	4,502,041
<b>EXPENDITURES</b>			
Current:			
Instruction	2,024,508	2,024,508	2,022,878
Student support services	170,264	277,264	275,335
Board	37,017	55,000	54,933
General administration	86,812	90,000	89,360
School administration	468,135	520,135	519,027
Fiscal services	96,075	96,075	96,150
Central services	116,075	126,075	125,433
Operation of plant	914,737	899,737	899,029
Maintenance of plant	191,000	156,000	149,718
Total Current Expenditures	4,104,623	4,244,794	4,231,863
Excess of Revenues Over Current Expenditures	373,624	248,453	270,178
Capital Outlay:			
Other Capital Outlay	65,812	40,000	36,814
Total Expenditures	4,170,435	4,284,794	4,268,677
Excess (Deficit) of Revenues Over Expenditure	307,812	208,453	233,364
Other Financing Sources			
Transfers in (out)	(68,480)	(564,500)	(564,466)
Long term advances from Pinecrest Academy, Inc.	-	300,000	300,000
Change in fund balance	239,332	(56,047)	(31,102)
Fund Balance at beginning of year	120,447	120,447	120,447
Fund Balance at end of year	\$ 359,779	\$ 64,400	\$ 89,345

Notes to Budgetary Comparison Schedule

An annual budget is adopted on the modified accrual basis of accounting, consistent with generally accepted accounting principles. Amendments to the budget can only be made with the approval of the Board of Directors.



Pinecrest North Preparatory (Fontainebleau Campus)  
(A charter school under Pinecrest Academy, Inc.)

Statement of Revenues, Expenditures, and Changes in Fund Balance  
For the year ended June 30, 2021

	Special Revenue Funds		
	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
Federal sources	\$ 158,900	\$ 98,254	\$ 98,254
Charges for services	23,700	17,000	17,091
Other revenue	38,500	67,500	67,568
Total Revenues	<u>221,100</u>	<u>182,754</u>	<u>182,913</u>
<b>EXPENDITURES</b>			
Current:			
Instruction	53,700	485,500	485,221
Student support services	23,700	23,700	22,575
Food Services	158,900	128,900	125,149
Maintenance of plant	-	5,000	4,155
Community services	53,280	50,000	49,371
Total Current Expenditures	<u>289,580</u>	<u>693,100</u>	<u>686,471</u>
Excess (Deficit) of Revenues Over Current Expenditures	<u>(68,480)</u>	<u>(510,346)</u>	<u>(503,558)</u>
Capital Outlay:			
Other Capital Outlay	<u>-</u>	<u>26,000</u>	<u>25,956</u>
Total Expenditures	<u>289,580</u>	<u>719,100</u>	<u>712,427</u>
Excess (Deficit) of Revenues Over Expenditures	(68,480)	(536,346)	(529,514)
Other financing sources:			
Transfers in (out)	<u>68,480</u>	<u>564,500</u>	<u>564,466</u>
Fund Balance at beginning of year, as restated	<u>24,979</u>	<u>24,979</u>	<u>24,979</u>
Fund Balance at end of year	<u>\$ 24,979</u>	<u>\$ 53,133</u>	<u>\$ 59,931</u>

Notes to Budgetary Comparison Schedule

An annual budget is adopted on the modified accrual basis of accounting, consistent with generally accepted accounting principles. Amendments to the budget can only be made with the approval of the Board of Directors.



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*

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To the Board of Directors of  
Pinecrest North Preparatory (Fontainebleau Campus)  
Miami, 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 Pinecrest North Preparatory (Fontainebleau Campus) (the "School") 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 September 14, 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 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 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 School'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 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*.

We issued a separate management letter dated September 14, 2021 pursuant to Chapter 10.850, Rules of the Auditor General.

## **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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Handwritten signature in blue ink that reads "HLB Gravis, LLP".

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
September 14, 2021



## MANAGEMENT LETTER

To the Board of Directors of  
Pinecrest North Preparatory (Fontainebleau Campus)  
Miami, Florida

### **Report on the Financial Statements**

We have audited the financial statements of Pinecrest North Preparatory (Fontainebleau Campus), Miami, Florida, as of and for the year ended June 30, 2021 and have issued our report thereon dated September 14, 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 Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in those reports and schedules, which are dated September 14, 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 or recommendations made in the preceding annual financial audit report.

### **Official Title**

Section 10.854(1)(e)5., Rules of the Auditor General, requires the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title and school code assigned by the Florida Department of Education of the entity is Pinecrest North Preparatory (Fontainebleau Campus), 5004.

### **Financial Condition**

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 Pinecrest North Preparatory (Fontainebleau Campus) has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identify the specific condition(s) met. In connection with our audit, we determined that Pinecrest North Preparatory (Fontainebleau Campus) did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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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 Pinecrest North Preparatory (Fontainebleau Campus). It is management's responsibility to monitor Pinecrest North Preparatory (Fontainebleau Campus)'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.

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

### **Transparency**

Sections 10.854(1)(e)7 and 10.855(13), Rules of the Auditor General, require us to report the results of our determination as to whether Pinecrest North Preparatory (Fontainebleau Campus) maintains on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that Pinecrest North Preparatory (Fontainebleau Campus) 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 Florida House of Representatives, the Florida Auditor General, School Board of Miami-Dade County, Federal and other granting agencies, the Board of Directors, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
September 14, 2021