

**CHARTER SCHOOLS, INC.
(A Component Unit of the
School Board of Brevard
County, Florida)
d/b/a Sculptor Charter
School**

**Basic Financial Statements and
Supplementary Information**

June 30, 2021

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	3
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements:	
Statement of Net Position	8
Statement of Activities	9
Fund Financial Statements:	
Balance Sheet - Governmental Funds	10
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	11
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	12
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	13
Notes to Financial Statements	14
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund	28
Note to Required Supplementary Information	29
COMPLIANCE INFORMATION	
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>Government Auditing Standards</i>	31
Management Letter	33



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Brevard Innovative Charter Schools, Inc.
Titusville, Florida

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Brevard Innovative Charter Schools, Inc. d/b/a Sculptor Charter School (the "School"), a component unit of the School Board of Brevard County, Florida (the "District"), 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. 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.

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 the School, 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

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, as listed 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 historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 31, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 the School's internal control over financial reporting and compliance.

August 31, 2021
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP

Management's Discussion and Analysis

As management of Brevard Innovative Charter Schools, Inc. d/b/a Sculptor Charter School (the "School") which is a component unit of the School Board of Brevard County, Florida (the "District"), we offer readers of the School's financial statements this narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2021 to (a) assist the reader in focusing on significant financial issues, (b) provide an overview and analysis of the School's financial activities, (c) identify changes in the School's financial position, (d) identify material deviations from the approved budget, and (e) highlight significant issues in individual funds.

Since the information contained in the Management's Discussion and Analysis (MD&A) is intended to highlight significant transactions, events, and conditions, it should be considered in conjunction with the basic financial statements listed in the table of contents.

Financial Highlights

- The assets of the School exceeded its liabilities at the close of the most recent fiscal year by \$2,277,671 (net position).
- The School's total net position increased by \$327,115.
- As of the close of the current fiscal year, the School's governmental funds reported combined ending fund balances of \$3,365,196.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$2,007,742.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the School's basic financial statements. The School's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains 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 the School's assets, liabilities, and deferred outflows/inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School is improving or deteriorating.

The statement of activities presents information showing how the School's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected funding and earned but unused vacation leave).

Both government-wide financial statements distinguish functions of the School that are principally supported by district, state, and federal funding (governmental activities). Instruction, student support services, and school administration are examples of the School's governmental activities.

The government-wide financial statements include only the School itself, which is a component unit of the District. The District includes the operations of the School in their operational results.

The government-wide financial statements can be found as listed in the table of contents of this report.

Fund financial statements. A fund is a collection of related accounts grouped together to maintain control over resources that have been segregated for specific activities or objectives. The School, like state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the operations of the School are presented in governmental funds only.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the School's near-term financing decisions. Both the governmental fund balance sheet and the statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The School maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balances. The general fund and debt service fund are reported as major funds.

The governmental fund financial statements can be found as listed in the table of contents of this report.

The School adopts an annual appropriated budget for its entire operations. Budgetary comparison schedules and notes to these schedules have been provided to demonstrate compliance with this budget and can be found as listed in the table of contents of this report.

Notes to the financial statements. The notes 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 starting as listed in the table of contents of this report.

Government-Wide Financial Analysis

As noted previously, net position may serve over time as a useful indicator of the School's financial position. As of June 30, 2021 and 2020, assets exceeded liabilities by \$2,277,671 (net position) and \$1,950,556 (net position), respectively.

The largest portion of the School's net position is the unrestricted portion. Another portion of the net position reflects its net investment in capital assets less any related debt used to acquire those assets that is still outstanding. The School uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the School's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The net investment in capital assets totaled \$200,786 at June 30, 2021. Comparison of the condensed statement of net position and the statement of activities are provided below:

Sculptor Charter School Statement of Net Position

	Governmental Activities		
	2021	2020	Variance
ASSETS			
Current assets	\$ 3,666,807	\$ 3,282,496	\$ 384,311
Capital assets, net	4,084,274	4,042,629	41,645
Total assets	<u>7,751,081</u>	<u>7,325,125</u>	<u>425,956</u>
LIABILITIES			
Current liabilities	389,561	350,505	39,056
Noncurrent liabilities	5,083,849	5,024,064	59,785
Total liabilities	<u>5,473,410</u>	<u>5,374,569</u>	<u>98,841</u>
NET POSITION			
Net investment in capital assets	200,786	198,833	1,953
Restricted	1,344,148	1,157,037	187,111
Unrestricted	<u>732,737</u>	<u>594,686</u>	<u>138,051</u>
Total net position	<u>\$ 2,277,671</u>	<u>\$ 1,950,556</u>	<u>\$ 327,115</u>

The increase in current assets is a result of Surtax funds allocated to future capital improvements and operations generating cash due to cost saving efforts. The increase in capital assets is due to a greater amount of capital additions as compared to depreciation expense. The increase in noncurrent liabilities is from new debt exceeding the debt principal payments.

**Sculptor Charter School
Statement of Activities**

	Governmental Activities		
	2021	2020	Variance
Revenues:			
Program revenues:			
Charges for services	\$ 255,882	\$ 206,332	\$ 49,550
Operating grants and contributions	28,074	29,097	(1,023)
General revenues:			
Revenues from state sources	4,656,801	4,248,332	408,469
Other revenues	83,359	218,969	(135,610)
Total revenues	<u>5,024,116</u>	<u>4,702,730</u>	<u>321,386</u>
Expenses:			
Instruction	3,012,505	2,995,232	17,273
Student support services	95,497	85,627	9,870
Instructional media services	132,927	85,886	47,041
Instructional staff training services	11,049	12,445	(1,396)
Instruction related technology	86,627	88,156	(1,529)
Board	17,045	30,651	(13,606)
School administration	417,000	431,253	(14,253)
Fiscal services	16,415	15,060	1,355
Student transportation services	86,321	95,442	(9,121)
Operation of plant	411,407	384,789	26,618
Maintenance of plant	6,829	15,015	(8,186)
Community services	38,394	52,067	(13,673)
Interest on long-term obligations	364,550	361,659	2,891
Loss on disposal of assets	434	-	434
Total expenses	<u>4,697,001</u>	<u>4,653,282</u>	<u>43,719</u>
Change in net position	327,115	49,448	277,667
Net position - beginning	<u>1,950,556</u>	<u>1,901,108</u>	<u>49,448</u>
Net position - ending	<u>\$ 2,277,671</u>	<u>\$ 1,950,556</u>	<u>\$ 327,115</u>

The increase in revenues from state sources is primarily from an increase in FEFP funds from an increased student enrollment and from the receipt of State Surtax, ESSER(CARES) and teachers' salary increase allocation. The increase in instructional media services and the increase in plant operations is because the School had to provide e-learning to students, purchased more cleaning supplies and added an additional custodian for effective cleaning and sanitation of the campus. The decrease in board, school administration, and community services expense is because of limiting spending and limiting the number of students that could attend before and aftercare in order to maintain social distancing. The decrease in student transportation expense is due to the School providing student transportation with its own buses.

Financial Analysis of the Government's Funds

Fund accounting is used to 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, unassigned fund balance may serve as a useful measure of the School's net resources available for spending at the end of the fiscal year.

As of June 30, 2021, the School's governmental funds reported a combined ending fund balance of \$3,365,196.

The general fund is the main operating fund of the School. At the end of the current fiscal year, the unassigned fund balance of the general fund was \$2,007,742.

The fund balance of the School's general fund increased by \$156,154 during Fiscal Year 2021.

General Fund Budgetary Highlights

Budgeted general fund revenues exceeded actual revenues and budgeted general fund expenditures exceeded actual expenditures. The general fund budgetary information can be found as listed in the table of contents of this report.

Capital Asset and Debt Administration

Capital Assets. The School's investment in capital assets for its governmental type activities as of June 30, 2021, amounts to \$4,084,274, net of accumulated depreciation. This investment in capital assets includes building, building improvements, land improvements, equipment, and vehicle. Additional information on the School's capital assets can be found in Note D.

Debt Administration. The School's notes payable balance at June 30, 2021 totaled \$5,026,647, an increase of \$61,647 from the prior fiscal year from new debt net of \$152,965 in principal payments. The School incurred \$214,612 of new debt for the purchase of two buses. Additional information on the School's long-term obligations can be found in Note E.

Economic Factors. The School is a high performing charter school and has received Best and Brightest bonuses for the teachers in the past. As the School has had no testing this year, all schools kept the prior rating. Therefore, in Fiscal Year 2021, the School is also high performing with an A rating from the State of Florida. The School has maintained the A rating ever since the grading system was implemented. Student enrollment in Fiscal Year 2021 was 553 students with a waiting list of 134 children. Florida surtax funds of \$201,590 were used to replace an HVAC system and are scheduled to pay for building stucco repairs and elevator upgrades. The School will receive this funding for six years in total (until December 2026). CARES Act federal assistance of \$147,827 was received from the State and a local nonprofit, the Early Learning Coalition. The School used the funds to purchase supplies for sanitation and cleaning, hire a temporary custodian, purchase equipment, software and supplies related to e-learning and to pay substitute teachers when teachers were out of work due to COVID-19 related reasons. Other sources of funding were IDEA, Title II, Title IV, Mental Health funds and the State Security Hardening Grant which was used to film cover all windows and upgrade all locks in the building. The School has invested in upgrading some of the facilities with touchless devices and will continue to do so as needed.

Request for Information

This financial report is designed to provide a general overview of Sculptor Charter School's finances for all those with an interest in the School's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Sculptor Charter School, 1301 Armstrong Drive, Titusville, FL 32780.

Brevard Innovative Charter Schools, Inc.
(A Component Unit of the School Board of Brevard County, Florida)

STATEMENT OF NET POSITION

June 30, 2021

	<u>Governmental Activities</u>
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 2,279,978
Cash and cash equivalents - restricted	90,078
Investments - restricted	1,143,158
Interest receivable	3,791
Receivables, net	2,243
Due from other agencies	134,253
Prepaid expenses	<u>13,306</u>
Total current assets	3,666,807
CAPITAL ASSETS	
Non-depreciable	496,140
Depreciable, net	<u>3,588,134</u>
Total capital assets	<u>4,084,274</u>
Total assets	<u><u>7,751,081</u></u>
LIABILITIES	
Accounts payable	23,817
Accrued payroll	277,793
Accrued interest payable	87,951
Noncurrent liabilities - due within one year	
Notes payable	158,120
Noncurrent liabilities - due in more than one year	
Accrued compensated absences	57,202
Notes payable	<u>4,868,527</u>
Total liabilities	<u>5,473,410</u>
NET POSITION	
Net investment in capital assets	200,786
Restricted	1,344,148
Unrestricted	<u>732,737</u>
Total net position	<u><u>\$ 2,277,671</u></u>

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

Brevard Innovative Charter Schools, Inc.
(A Component Unit of the School Board of Brevard County, Florida)

STATEMENT OF ACTIVITIES

For the year ended June 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Instruction	\$ 3,012,506	\$ 162,112	\$ 28,074	\$ -	\$ (2,822,320)
Student support services	95,497	-	-	-	(95,497)
Instructional media services	132,927	-	-	-	(132,927)
Instructional staff training services	11,049	-	-	-	(11,049)
Instruction related technology	86,627	-	-	-	(86,627)
Board	17,045	-	-	-	(17,045)
School administration	417,000	-	-	-	(417,000)
Fiscal services	16,415	-	-	-	(16,415)
Student transportation services	86,321	-	-	-	(86,321)
Operation of plant	411,407	-	-	-	(411,407)
Maintenance of plant	6,829	-	-	-	(6,829)
Community service	38,394	93,770	-	-	55,376
Interest on long-term obligations	364,550	-	-	-	(364,550)
Total governmental activities	<u>\$ 4,696,567</u>	<u>\$ 255,882</u>	<u>\$ 28,074</u>	<u>\$ -</u>	<u>(4,412,611)</u>
General revenues:					
					4,656,801
					83,359
					<u>4,740,160</u>
					(434)
					<u>327,115</u>
					<u>1,950,556</u>
					<u>\$ 2,277,671</u>

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

Brevard Innovative Charter Schools, Inc.
(A Component Unit of the School Board of Brevard County, Florida)

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2021

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 2,279,978	\$ -	\$ -	\$ 2,279,978
Cash and cash equivalents - restricted	-	-	90,078	90,078
Investments - restricted	-	1,143,158	-	1,143,158
Interest receivable	3,791	-	-	3,791
Receivables, net	2,243	-	-	2,243
Due from other agencies	23,341	-	110,912	134,253
Prepaid expenses	13,306	-	-	13,306
Total assets	\$ 2,322,659	\$ 1,143,158	\$ 200,990	\$ 3,666,807
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 23,818	\$ -	\$ -	\$ 23,818
Accrued payroll	277,793	-	-	277,793
Total liabilities	301,611	-	-	301,611
FUND BALANCES				
Nonspendable				
Prepaid expenses	13,306	-	-	13,306
Restricted	-	1,143,158	200,990	1,344,148
Unassigned	2,007,742	-	-	2,007,742
Total fund balances	2,021,048	1,143,158	200,990	3,365,196
Total liabilities and fund balances	\$ 2,322,659	\$ 1,143,158	\$ 200,990	\$ 3,666,807

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

Brevard Innovative Charter Schools, Inc.
(A Component Unit of the School Board of Brevard County, Florida)

**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO
THE STATEMENT OF NET POSITION**

June 30, 2021

Fund balances - total governmental funds	\$ 3,365,196
The net position reported for governmental activities in the statement of net position is different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.	4,084,274
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:	
Accrued interest payable and other	(87,950)
Notes payable	(5,026,647)
Accrued compensated absences	<u>(57,202)</u>
Total net position of governmental activities	<u><u>\$ 2,277,671</u></u>

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

Brevard Innovative Charter Schools, Inc.
(A Component Unit of the School Board of Brevard County, Florida)

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS**

For the year ended June 30, 2021

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Revenues from state sources	\$ 4,011,342	\$ 288,507	\$ 209,991	\$ 4,509,840
Federal through school district and local	-	-	175,901	175,901
Investment income	-	193	-	193
Gifts, grants, and bequests	3,500	-	-	3,500
Other income	334,682	-	-	334,682
Total revenues	<u>4,349,524</u>	<u>288,700</u>	<u>385,892</u>	<u>5,024,116</u>
Expenditures				
Current:				
Instruction	2,738,584	-	108,030	2,846,614
Student support services	92,359	-	-	92,359
Instructional media services	121,840	-	-	121,840
Instructional staff training services	1,213	-	9,836	11,049
Instruction related technology	86,627	-	-	86,627
Board	17,045	-	-	17,045
School administration	363,700	-	29,897	393,597
Fiscal services	16,415	-	-	16,415
Student transportation services	69,182	-	-	69,182
Operation of plant	394,047	-	17,360	411,407
Maintenance of plant	3,041	-	3,788	6,829
Community service	38,394	-	-	38,394
Capital outlay	239,620	-	24,980	264,600
Debt service:				
Principal	-	152,965	-	152,965
Interest	-	366,540	-	366,540
Total expenditures	<u>4,182,067</u>	<u>519,505</u>	<u>193,891</u>	<u>4,895,463</u>
Excess (deficiency) of revenues over (under) expenditures	167,457	(230,805)	192,001	128,653
Other financing sources and uses:				
Proceeds from long-term debt	214,612	-	-	214,612
Transfers in	3,627	229,542	-	233,169
Transfers out	(229,542)	-	(3,627)	(233,169)
Net change in fund balances	156,154	(1,263)	188,374	343,265
Fund balances at beginning of the year	<u>1,864,894</u>	<u>1,144,421</u>	<u>12,616</u>	<u>3,021,931</u>
Fund balances at end of the year	<u><u>\$ 2,021,048</u></u>	<u><u>\$ 1,143,158</u></u>	<u><u>\$ 200,990</u></u>	<u><u>\$ 3,365,196</u></u>

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

Brevard Innovative Charter Schools, Inc.
(A Component Unit of the School Board of Brevard County, Florida)

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**

For the year ended June 30, 2021

Net change in fund balances - total government funds	\$	343,265
The change in net position reported for governmental activities in the statement of activities is different because:		
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay	\$ 264,600	
Loss on disposal of assets	(434)	
Depreciation expense	<u>(222,521)</u>	41,645
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.		
Proceeds from issuance of long term debt	(214,612)	
Principal payments on long term debt	<u>152,965</u>	(61,647)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Accrued interest	1,990	
Compensated absences	<u>1,862</u>	<u>3,852</u>
Change in net position of governmental activities	\$	<u><u>327,115</u></u>

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

Brevard Innovative Charter Schools, Inc
(A Component Unit of the School Board of Brevard County, Florida)

NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Reporting entity

Brevard Innovative Charter Schools, Inc. d/b/a Sculptor Charter School (the "School") is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act, and Section 1002.33, Florida Statutes. The governing body of the School is the Board of Directors, which is composed of six 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, which is the School Board of Brevard County, Florida (the "District"). The current charter is effective until June 30, 2027. At the end of the term of the charter, the District may choose not to renew the charter under the grounds specified in the charter agreement in which 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. The School is considered a component unit of the District.

2. Government-wide and fund financial statements

The government-wide financial statements consist of a statement of net position and a statement of activities. These statements report information on all the nonfiduciary activities of the School. As part of the consolidation process, all interfund activities are eliminated from these statements. Both statements report only the governmental activities as the School does not engage in any business type activities.

Net position, the difference between assets, liabilities, and deferred outflows/inflows of resources, as presented in the statement of net position, are subdivided into three categories: net investment in capital assets, restricted net position, and unrestricted net position. Net investment in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when constraints are imposed on the use of the amounts either externally by creditors, grantors, contributors, or laws or regulations of other governments, or enabling legislation. Unrestricted net position includes all the remaining net position that does not meet the definition of the other two components.

Brevard Innovative Charter Schools, Inc
(A Component Unit of the School Board of Brevard County, Florida)

NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2. Government-wide and fund financial statements (continued)

The statement of activities presents a comparison between the direct and indirect expenses of a given function and its program revenues and displays the extent to which each function contributes to the change in net position for the fiscal year. Direct expenses are those that are clearly identifiable to a specific function.

Indirect expenses are costs the School has allocated to various functions. Program revenues consist of charges for services, operating grants and contributions, and capital grants and contributions.

Charges for services refer to amounts received from those who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment. Grants and contributions consist of revenues that are restricted to meeting the operational or capital requirements of a particular function. Revenues not classified as program revenues are reported as general revenues.

Separate fund financial statements report detailed information about the School's governmental funds. The focus of the governmental fund financial statements is on major funds. Therefore, major funds are reported in separate columns on the fund financial statements. The School reports the general fund and debt service fund as its major funds. A reconciliation is provided that converts the results of governmental fund accounting to the government-wide presentation.

3. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized when a liability is incurred.

All government fund financial statements are reported using a current financial resources measurement focus on a modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues, except for certain grant revenues, are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the School considers revenues to be available if they are collected within sixty days, for all revenues except surtax which is ninety days, of the end of the current fiscal period. 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 recorded when the related fund liability is incurred. However, principal and interest on general long-term debt is recorded as an expenditure only when payment is due.

Brevard Innovative Charter Schools, Inc
(A Component Unit of the School Board of Brevard County, Florida)

NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3. Measurement focus, basis of accounting, and financial statement presentation (continued)

The School's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. Accordingly, the financial statements are organized based on funds. A fund is an accounting entity having a self-balancing set of accounts for recording assets, liabilities, fund equity, revenues, expenditures, and other financing sources and uses.

Resources are allocated to and accounted for in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled. The School reports the following major governmental funds:

General Fund - is the general operating fund of the School and is used to account for all financial resources not required to be accounted for in another fund.

Debt Service Fund - this fund accounts for the resources accumulated and payments made for principal and interest on the School's long-term debt.

4. Cash and cash equivalents

The School's cash and cash equivalents consists of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

5. Receivables

Receivables are reported net of an allowance for uncollectible accounts of \$1,039, based on management's experience with the specific type and nature of the receivables. In addition, the School reports an interest receivable balance and a due from other agencies balance which represents amounts owed to the School related to Title II, Title IV, and Capital Outlay funding. No allowance has been reported for the due from other agencies balances because management considers them fully collectible.

**Brevard Innovative Charter Schools, Inc
(A Component Unit of the School Board of Brevard County, Florida)**

NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

6. Interfund activity

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as due to/from other funds. As of June 30, 2021, there were no interfund receivables and payables.

Transfers are used to move resources between the School's funds. During the current year, the general fund transferred \$229,543 to the debt service fund and the other governmental funds transferred \$3,627 to the general fund.

7. Prepaid expense

Payments made to vendors for services that will benefit periods beyond June 30, 2021, are recorded as prepaid expenses in both the government-wide and fund financial statements.

8. Capital assets

Capital assets are reported in the governmental activities column on the government-wide financial statements. Capital assets are defined by the School as assets with an initial individual cost of more than \$2,500 and an estimated useful life of more than two years. Such assets are recorded at historical cost. Donated capital assets are recorded at their estimated fair market values at the date of donation. The cost of normal repairs and maintenance that do not add to the value of the asset or materially extend asset lives are not capitalized.

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Building	39
Building improvements	5-40
Land improvements	5-20
Equipment	3-10
Vehicle	5-12

9. Long-term obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. In the fund financial statements, governmental funds report the face amount of debt issued as other financing sources and repayments of debt principal as debt service expenditures.

**Brevard Innovative Charter Schools, Inc
(A Component Unit of the School Board of Brevard County, Florida)**

NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

10. Compensated absences

The School accrues earned but unused sick and vacation benefits in accordance with accounting principles generally accepted in the United States of America. The School has adopted a policy allowing limited vesting of unused employee leave time. The entire compensated absences liability is reported on the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, when employees separate from service with the School.

11. Revenue sources

Revenues for current operations are received primarily from the State of Florida passed through 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 ("FTE") students and related data to the District.

Under the provisions of Section 1011.62, Florida Statutes, the District reports the number of FTE students and related data to the Florida Department of Education ("FDOE") for funding through the Florida Education Finance Program. Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the Florida Education Finance Program and the actual weighted FTE students reported by the School during the designated FTE student survey periods. The School receives federal awards for the enhancement of various educational programs. This assistance is generally based on applications submitted to and approved by various granting agencies. These federal awards may have requirements whereby the issuance of grant funds is withheld until qualifying eligible expenditures are incurred. Revenues for these awards are recognized only to the extent that eligible expenditures have been incurred.

Additionally, other revenues are derived from various fundraising activities, interest on bank accounts, student activities, and other miscellaneous items.

**Brevard Innovative Charter Schools, Inc
(A Component Unit of the School Board of Brevard County, Florida)**

NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

12. Income taxes

The School is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state law.

The School recognizes the financial statement effects from a tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the School and various positions related to the potential sources of unrelated business taxable income. The assessment of the technical merits of a tax position is a matter of judgment. The School believes that all its tax positions are more likely than not to be sustained upon examination.

The School files Form 990 in the U.S. federal jurisdiction. The School is generally no longer subject to examination by the Internal Revenue Service three years after a return was due or filed.

13. Use of estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

14. Fund balance classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the School is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent.

The classifications used in the governmental fund financial statements are as follows:

Nonspendable fund balance - amounts that are not spendable (such as inventory and prepaid expense) or are required to be maintained intact.

Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Brevard Innovative Charter Schools, Inc
(A Component Unit of the School Board of Brevard County, Florida)

NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

14. Fund balance classification (continued)

Committed fund balance - amounts constrained to specific purposes by the School itself, using its highest level of decision-making authority (i.e., Board of Directors). To be reported as committed, amounts cannot be used for any other purpose unless the School takes the same highest level of action to remove or change the constraint.

Assigned fund balance - amounts the School intends to use for a specific purpose. Intent can be expressed by the Board of Directors or by an official or body to which the Board of Directors delegates the authority.

Unassigned fund balance - amounts that are available for any purpose. No other fund except the General Fund can report positive amounts of unassigned fund balance.

When both restricted and unrestricted resources are available for use, it is the School's policy to use restricted resources first followed by unrestricted resources (committed, assigned, and unassigned) as they are needed. The School does not have a formal minimum fund balance requirement.

15. Impact of recently issued accounting principles

In June 2017, the GASB issued Statement No. 87, *Leases*, which establishes a single model for lease accounting. This statement is effective for the School's June 30, 2022 fiscal year end. Management is currently evaluating the impact of the adoption of this statement on the School's financial statements.

NOTE B - CASH AND CASH EQUIVALENTS

Custodial credit risk - Custodial credit risk is the risk that in the event of bank failure, the School's deposits may not be returned to it. The bank balances of the School's cash and cash equivalents balance was \$2,177,798 as of June 30, 2021. The deposits are insured by the FDIC up to \$250,000 per financial institution. Of the bank balances, approximately \$375,000 was not covered by federal depository insurance.

Restricted cash and cash equivalents

At June 30, 2021, restricted cash consists of \$90,078 of unspent grant funds.

Brevard Innovative Charter Schools, Inc
(A Component Unit of the School Board of Brevard County, Florida)

NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2021

NOTE C - INVESTMENTS

The School categorizes its fair value measurements within the fair value hierarchy established by GASB Statement No. 72. The statement establishes a hierarchy of inputs to valuation techniques to measure fair value with three levels.

- Level 1 inputs are the quoted price (unadjusted) in active markets for identical assets and liabilities;
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs, such as management's assumptions of the default rate among underlying mortgages of a mortgage-backed security.

As of June 30, 2021, all of the School's \$1,143,158 investments are in government money market funds.

In connection with the issuance of debt in September 2008 and February 2012, further discussed in Note E, the School was required to deposit a portion of the proceeds and other required deposits from time to time with the trustee. The trust indenture only permits investments of funds in certain qualified investments, such as direct obligations of the United States, investments backed by the full faith and credit of the United States, highly rated money market funds, and certain other collateralized investments. As of June 30, 2021, the trustee held \$1,143,158 of reserve funds in money market funds. These money market funds are classified as Level 1 of the fair value hierarchy. In addition, the money market funds had a Standard & Poor's rating of AAAM.

Interest Rate Risk - The School's investment policy has the objective to minimize risk to the value of securities due to changes in the general interest rates.

Credit Risk - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The School's policy allows for investments in a) local government investment pools which carry an AAAM rating at purchase, b) FDIC insured certificates of deposits, c) deposits in qualified state depositories, d) U.S. Treasury and affiliated Agency securities, and e) guaranteed insurance contracts with the top ratings issued by nationally recognized statistical rating organizations.

Brevard Innovative Charter Schools, Inc
(A Component Unit of the School Board of Brevard County, Florida)

NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2021

NOTE C - INVESTMENTS (continued)

Custodial Credit Risk - \$1,143,158 of the School's investments are reserve funds held by an institutional trustee in accordance with the terms of the trust indenture.

Concentration of Credit Risk - Reserve funds of \$1,143,158, in accordance with the indenture, are all invested in one money market mutual fund.

NOTE D - CAPITAL ASSETS

Changes in capital assets activity were as follows:

	Balance at July 1, 2020	Increases	Decreases	Balance at June 30, 2021
Capital assets not being depreciated				
Land	\$ 496,140	\$ -	\$ -	\$ 496,140
Total assets not being depreciated	496,140	-	-	496,140
Capital assets depreciated:				
Building	3,733,364	-	-	3,733,364
Building improvements	1,164,404	15,026	-	1,179,430
Land improvements	249,843	-	-	249,843
Equipment	404,232	34,962	16,227	422,967
Vehicle	10,979	214,612	-	225,591
Total assets depreciated	5,562,822	264,600	16,227	5,811,195
Less accumulated depreciation:				
Building	1,110,441	103,522	-	1,213,963
Building improvements	567,698	36,820	-	604,518
Land improvements	78,856	18,237	-	97,093
Equipment	248,358	46,803	15,793	279,368
Vehicle	10,980	17,139	-	28,119
Total accumulated depreciation	2,016,333	222,521	15,793	2,223,061
Total governmental activities capital assets, net	<u>\$ 4,042,629</u>	<u>\$ 42,079</u>	<u>\$ (434)</u>	<u>\$ 4,084,274</u>

Brevard Innovative Charter Schools, Inc
(A Component Unit of the School Board of Brevard County, Florida)

NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2021

NOTE D - CAPITAL ASSETS (continued)

Depreciation expense was charged to the functions/programs of the School as follows:

Instruction	\$	168,188
Student support services		3,138
Instructional media services		11,087
School administration		22,969
Student transportation services		17,139
		17,139
	\$	222,521

NOTE E - LONG-TERM LIABILITIES

1. Changes in long-term liabilities:

	Balance at July 1, 2020	Additions	Reductions	Balance at June 30, 2021	Due within one year
Notes payable	\$ 4,965,000	\$ 214,612	\$ 152,965	\$ 5,026,647	\$ 158,120
Compensated absences	59,064	9,233	1,883	66,414	9,212
Total long-term liabilities	\$ 5,024,064	\$ 223,845	\$ 154,848	\$ 5,093,061	\$ 167,332

Compensated absences in the governmental activities are typically liquidated by the general fund. The current portion is a payable classified with accrued payroll and the balance is classified as a non-current liability.

2. Note payable

In September 2008, the School executed two notes payable to Florida Development Finance Corporation (FDIC), associated with revenue bonds issued by FDIC in the aggregate amount of \$4,960,000. The bonds were issued in two series; Series 2008A in the amount of \$4,710,000, accruing interest at 7.25% and maturing October 2038, and Series 2008B in the amount of \$250,000, which matured and was fully paid in October 2014. The notes, which have maturity and interest rate terms mirroring the bonds, are secured by a pledge of revenues of the School and a Mortgage and Security Agreement on the School's land, building, and improvements. Certain restrictive covenants are imposed by this debt, including maintaining the charter contract with the District and maintaining certain cash reserves. As of June 30, 2021, the outstanding balance of the Series 2008A note payable was \$4,190,000. The School was in compliance with its debt covenants at June 30, 2021.

In February 2012, the School executed an additional note payable to FDIC, associated with revenue bonds issued by FDIC in the aggregate amount of \$720,000. The Series 2012 bonds are in two lots, with \$125,000 accruing interest at 7.0% and maturing October 2026, and \$595,000 accruing interest at 7.25% and maturing October 2041.

Brevard Innovative Charter Schools, Inc
(A Component Unit of the School Board of Brevard County, Florida)

NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2021

NOTE E - LONG-TERM LIABILITIES (continued)

2. Note payable (continued)

The notes, which have maturity and interest rate terms mirroring the bonds, are secured by a pledge of revenues of the School and a Mortgage and Assignment Agreement of the School's "rents, leases and profits". Certain restrictive covenants are imposed by this debt, including maintaining the charter contract with the District and maintaining certain cash reserves. As of June 30, 2021, the outstanding balance of the notes payable was \$665,000. The School was in compliance with its debt covenants at June 30, 2021.

Pledged revenues, comprising all revenues of the School, approximately \$4.7 million in fiscal year 2021, are significantly in excess of annual debt service requirements, approximately \$464,000 in fiscal year 2021, and are expected to be adequate to fulfill the pledge for the remainder of the period the debt is outstanding.

In addition to the two notes above, in July 2020, the School executed another note payable with a finance company in the amount of \$214,612. The note accrues interest at 6%, matures in July 2025, and is collateralized with the School's buses. As of June 30, 2021, the outstanding balance of the note payable was \$171,647.

The following is a schedule of future minimum payments for the School's long-term debt for the years ending June 30,

	Principal	Interest	Total
2022	\$ 158,120	\$ 357,043	\$ 515,163
2023	165,550	345,761	511,311
2024	178,131	333,780	511,911
2025	190,892	320,894	511,786
2026	163,954	308,089	472,043
2027-2031	990,000	1,342,683	2,332,683
2032-2036	1,430,000	908,789	2,338,789
2037-2041	1,680,000	264,628	1,944,628
2042	70,000	2,538	72,538
	\$ 5,026,647	\$ 4,184,205	\$ 9,210,852

NOTE F - NET POSITION

At June 30, 2021, restricted net position consists of \$200,990 total, comprised of charter school sales surtax, CARES and a security grant in the amounts of \$176,609, 19,489, and \$4,892 respectively.

**Brevard Innovative Charter Schools, Inc
(A Component Unit of the School Board of Brevard County, Florida)**

NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2021

NOTE G - CONCENTRATIONS

Revenue sources

As stated in Note A-11, the School receives revenues for current operations primarily from the State of Florida through the District. The following is a schedule of revenue sources and amounts:

Sources	Amounts
School Board of Brevard County, Florida	
Base funding	\$ 2,478,328
Class size reduction	647,940
Capital outlay	288,507
Discretionary millage	263,747
Charter school sales surtax	201,590
ESE guaranteed allocation	164,947
Supplemental academic instruction	151,929
Teacher salary increase allocation	89,564
Transportation	62,650
Discretionary compression	55,965
Instructional materials allocation	40,036
Safe schools	34,984
Reading allocation	23,387
Mental health allocation	19,378
Florida teachers lead	10,124
Security grant	8,401
Funding compression allocation	6,556
Emergency impact aid	5,556
Library media allocation	2,663
Digital classroom allocation	929
Proration	(11,644)
Administrative fee	(35,698)
Total State passed through School Board of Brevard County, Florida	4,509,839
Charges for services	255,882
Operating grants and contributions	28,074
Other revenues	230,321
Total revenues	\$ 5,024,116

Brevard Innovative Charter Schools, Inc
(A Component Unit of the School Board of Brevard County, Florida)

NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2021

NOTE H - COMMITMENTS AND CONTINGENCIES

1. Legal

The School may be involved in legal actions arising from the normal course of activities and is also subject to periodic audits and inquiries by various regulatory agencies. Management is not aware of any pending or threatened litigation, claims or unasserted claims or assessments that may have a material effect on the School's financial statements.

2. COVID-19

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which are likely to have an economic impact, which is unknown at this time, however the state of Florida is continuing to fund the School based on FTE amounts from prior year, which provides a certain amount of stability during this uncertain time.

NOTE I - RISK MANAGEMENT

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. General liability, automotive, and directors and officials' liability coverage are being provided through purchased commercial insurance with minimum deductibles for each line of coverage. There have been no significant changes in coverage limits, and no claims have been made over the past three years. Worker's compensation, in accordance with statutory limits, is provided by the School for its employees.

NOTE J - RETIREMENT PLAN

The School sponsors a defined contribution plan for all employees who have been employed full time with the School for three years. The plan permits voluntary contributions from employees, based on a salary reduction agreement, and provides for employer matching contributions (3% for fiscal year 2021). During the year ended June 30, 2021, the School made contributions of \$37,359 to the plan.

NOTE K - SUBSEQUENT EVENTS

The School has evaluated subsequent events and transactions for potential recognition or disclosure through August 31, 2021, the date at which the financial statements were available to be issued, and has determined that no material events have occurred that would warrant additional disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

Brevard Innovative Charter Schools, Inc.
(A Component Unit of the School Board of Brevard County, Florida)

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACUAL - GENERAL FUND**

For the year ended June 30, 2021

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		
Revenues				
Revenues from state sources	\$ 3,943,564	\$ 3,910,000	\$ 4,011,342	\$ 101,342
Investment income	15,000	10,000	-	(10,000)
Gifts, grants, and bequests	-	-	3,500	3,500
Other income	334,331	290,316	312,086	21,770
Total revenues	<u>4,292,895</u>	<u>4,210,316</u>	<u>4,326,928</u>	<u>116,612</u>
Expenditures				
Current:				
Instruction	2,641,585	2,610,401	2,738,584	(128,183)
Student support services	244,120	250,886	92,359	158,527
Instructional media services	73,298	73,298	121,840	(48,542)
Instructional staff training services	3,000	3,000	1,213	1,787
Instructional related technology	93,795	93,795	86,627	7,168
Board	22,700	22,700	17,045	5,655
School administration	400,301	400,583	363,700	36,883
Fiscal services	16,000	16,000	16,415	(415)
Student transportation services	130,000	87,750	69,182	18,568
Operation of plant	384,864	412,882	394,047	18,835
Maintenance of plant	39,200	39,200	3,041	36,159
Community service	-	45,980	33,965	12,015
Capital outlay	81,040	-	239,620	(239,620)
Total expenditures	<u>4,129,903</u>	<u>4,056,475</u>	<u>4,177,638</u>	<u>(121,163)</u>
Excess (deficiency) of revenues over (under) expenditures	162,992	153,841	149,290	(4,551)
Other financing sources and uses:				
Proceeds from long-term debt			214,612	
Transfers out	(256,328)	(173,788)	(225,915)	(52,127)
Net change in fund balances	<u>\$ (93,336)</u>	<u>\$ (19,947)</u>	137,987	<u>\$ (56,678)</u>
Adjustments to conform with GAAP:				
Other revenues			22,596	
Community services expenditures			(4,429)	
Deficiency of revenues under expenditures (GAAP basis)			156,154	
Fund balances at beginning of the year			<u>1,864,893</u>	
Fund balances at end of the year			<u>\$ 2,021,047</u>	

See accompanying note to the required supplementary information.

**Brevard Innovative Charter Schools, Inc.
(A Component Unit of the School Board of Brevard County, Florida)**

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

For the year ended June 30, 2021

NOTE A - BUDGETARY INFORMATION

The School's annual budget for the general fund is presented on a basis consistent with accounting principles generally accepted in the United States of America, except for certain differences as noted on page 28. Budgets are approved by the School's Board of Directors.

COMPLIANCE INFORMATION

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

To the Board of Directors
Sculptor Charter School
Titusville, 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 Brevard Innovative Charter Schools, Inc. d/b/a Sculptor Charter School (the "School"), a component unit of the School Board of Brevard County, Florida (the "District"), 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 31, 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 grants agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

August 31, 2021
Melbourne, Florida

Berman Hopkins Wright & Latham
CPAs and Associates, LLP

MANAGEMENT LETTER

To the Board of Directors
Brevard Innovative Charter Schools, Inc.
Titusville, Florida

Report on the Financial Statements

We have audited the financial statements of Brevard Innovative Charter Schools, Inc. d/b/a Sculptor Charter School (the “School”), a component unit of the School Board of Brevard County, Florida (the “District”), as of and for the fiscal year ended June 30, 2021, and have issued our report thereon dated August 31, 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 on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in this report, which is dated August 31, 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. The School did not have findings or recommendations in the preceding annual financial audit report.

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 Brevard Innovative Charter Schools, Inc., d/b/a Sculptor Charter School 056508.

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 determined the School does not have a consistent method for documenting non-routine payroll calculations. We recommend a consistent process for non-routine payroll calculations be implemented. Management concurs and is working on improving the payroll process.

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 District, 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.

August 31, 2021
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP