
SUNCOAST SCHOOL FOR INNOVATIVE STUDIES, INC.

INDEPENDENT AUDITOR'S REPORT

AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

MARK ESCOFFERY, P.A.
CERTIFIED PUBLIC ACCOUNTANT

SUNCOAST SCHOOL FOR INNOVATIVE STUDIES, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board Members of Suncoast School for
Innovative Studies, Inc.
Sarasota, Florida

I have audited the accompanying Financial Statements of the governmental activities, and each major fund, of Suncoast School for Innovative Studies, Inc. ("the School") (a nonprofit organization) a component unit of the District School Board of Sarasota County as of and for the year ended June 30, 2021, which collectively comprise the School's basic financial statements as listed in the foregoing Table of Contents. These financial statements are the responsibility of the Management of the School. My responsibility is to express an opinion on these basic financial statements based on my audit.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

To The Board Members of Suncoast School For
Innovative Studies, Inc.
Sarasota, Florida
Page 2

Opinion

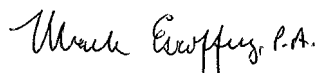
In my opinion, the financial statements referred to above and the Statement of Revenues, Expenditures and Changes in Fund Balance-Budget (GAAP Basis) and Actual-All Governmental Fund Types present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund, of the School as of June 30, 2021, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with ***Government Auditing Standards***, I have also issued my report dated September 3, 2021, on my consideration of the School's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting and on compliance. That report is an integral part of an audit performed in accordance with ***Government Auditing Standards*** and should be read in conjunction with this report in considering the results of my audit.

Other Matters

Report on Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information on pages 3 through 7 and 13 and 14 are presented to supplement the basic financial statements. Such information although not part of the basic financial statements, is required by the Governmental Accounting Standard Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.



Palm Beach Gardens, Florida
September 3, 2021

SUNCOAST SCHOOL FOR INNOVATIVE STUDIES, INC.
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2021

Our discussion and analysis of Suncoast School for Innovative Studies School, Inc.’s (“the School”) financial program provides an overview of the School’s financial activities for the year ended June 30, 2021.

Because the information contained in this discussion is intended to highlight significant transactions, it should be read in conjunction with the School’s financial statements, which begin on page 7.

For financial statement purposes the School is considered a component unit of the District School Board of Sarasota County, which is a primary government entity for financial reporting. The School used the option to present the governmental standards and fund statement on the same page. The Statement of Net Position and the Statement of Activities report provides information on the activities of the School. The fund financial statements reflect financing activities of the School by providing information on inflows and outflows of spendable resources.

NON FINANCIAL HIGHLIGHTS

The School’s average daily enrollment for fiscal year ended June 30, 2021 was 213 students. This was the 7 less than budgeted. The School expects to have an enrollment of 220 students for the school year 2021-2022.

OVERVIEW OF THE FINANCIAL STATEMENTS

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the School’s financial position. The statements use the accrual basis of accounting and include all assets and liabilities. All of the current year’s revenues are recorded when received and the current year’s expenses are recorded when incurred.

The Statement of Net Position presents information on all of the School’s assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School is improving or deteriorating.

The Statement of Activities presents information showing how the government’s net position changed during the most recent fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

Fund Financial Statements

A *Fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives.

Governmental Funds – All of the School’s basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash.

SUNCOAST SCHOOL FOR INNOVATIVE STUDIES, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021

OVERVIEW OF THE FINANCIAL STATEMENTS (Cont'd.)

The governmental fund statements provide a detailed short-term view of the School's governmental activities and the basic services it provides.

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 16-22 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the School's financial position. The School's assets exceeded liabilities by \$905,235 at June 30, 2021. This is an increase of \$203,976 from the prior year.

NET ASSETS

	<u>JUNE 30, 2021</u>	<u>JUNE 30, 2020</u>
Current and Other Assets	\$ 1,089,696	\$ 682,352
Capital Assets	331,904	112,956
Total Assets	<u>\$ 1,421,600</u>	<u>\$ 795,308</u>
Long-Term Liabilities	\$ -	\$ -
Other Liabilities	516,365	425,953
Total Liabilities	<u>\$ 425,953</u>	<u>\$ 425,953</u>
Investment in Capital Assets, Net of Related Debt	\$ -	\$ 112,956
Unrestricted	573,331	256,399
Total Net Position	<u>\$ 905,235</u>	<u>\$ 369,355</u>

Revenues from governmental activities totaled \$2,987,463 for the year ended June 30, 2021, a decrease of 14.5% over the prior year. The main source of revenue is from Florida Education Finance Program (FEFP). This revenue represented approximately 66.9% of total revenue compared to 78.1% in the prior year.

REVENUES

<u>Revenue Source</u>	<u>6/30/21</u>	<u>Percent of Total 6/30/21</u>	<u>6/30/20</u>	<u>Percent of Total 6/30/20</u>
State Sources	\$ 2,385,375	79.2	\$ 3,091,797	86.9
Federal Sources	602,088	20.0	403,363	11.3
Local Sources	23,735	0.8	62,492	1.8
Total	<u>\$ 3,011,198</u>	<u>100.0</u>	<u>\$ 3,557,652</u>	<u>100.0</u>

SUNCOAST SCHOOL FOR INNOVATIVE STUDIES, INC.
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2021

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont’d.)

Local revenue sources are primarily tuition fees and fund-raising efforts conducted by the Board of Directors and parents on behalf of the School.

Changes in levels of expenses for major functions of the School are shown in the following table:

	<u>6/30/21</u>	<u>% of Total 6/30/21</u>	<u>6/30/20</u>	<u>% of Total 6/30/20</u>
Instruction	\$ 970,517	42.3	\$ 1,614,468	44.4
Board Services	22,562	1.0	22,691	.6
Fiscal Services	1,654	.1	3,003	.1
General Administration	102,229	4.4	114,034	3.1
School Administration	499,196	21.7	909,673	25.0
Facilities Acquisition	162,050	7.1	342,914	9.4
Pupil Transportation	92,580	4.0	124,094	3.4
Operation of Plant	110,654	4.8	165,554	4.6
Plant Maintenance	253,689	11.0	247,865	6.8
Central Services	31,413	1.4	21,506	.6
Interest on Long Term Debt	-	-	2,124	.1
Depreciation	50,887	2.2	67,133	1.8
Total	<u>\$ 2,297,431</u>	<u>100.0</u>	<u>\$ 3,635,059</u>	<u>100.0</u>

BUDGETARY HIGHLIGHTS

State and Federal revenues were more than budgeted by approximately \$80,000 because capital outlay was not budgeted and the school received less special revenue funds than budgeted because of covid restrictions.

Actual expenses were more than budget primarily by approximately \$50,000 primarily due to increased capital expenditures to offset the challenges of in home learning, underbudgeting of school district administration fees. Other expenditures were decreased across the board.

During the year, the State of Florida and the nation were affected by the coronavirus and schools were closed. There was no significant financial or economic impact on the school during the year.

There was a surplus in the General Fund of \$573,331 at June 30, 2021.

CAPITAL ASSETS

The School’s investment in capital assets at June 30, 2021 was \$331,904 (net of accumulated depreciation). This investment includes leasehold improvement, furniture and equipment (all real property is leased) and motor vehicle. The School’s investment in capital assets for the year ended June 30, 2021, was as follows:

SUNCOAST SCHOOL FOR INNOVATIVE STUDIES, INC.
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2021

CAPITAL ASSETS (Cont’d.)

Furniture and Equipment	\$ 597,835
Leasehold Improvements	442,589
Motor Vehicle	<u>86,490</u>
Total	1,126,914
Less Accumulated Depreciation	<u>795,010</u>
Investment in Capital Assets	<u><u>\$ 331,904</u></u>

Capital additions for the year totaled \$269,836. Depreciation expense was \$50,887.

DEBT ADMINISTRATION

The School has a Line of Credit for up to \$300,000 with a local bank.

During 2020, the School was granted a loan from ServisFirst Bank in the aggregate amount of \$351,800, pursuant to the Paycheck Protection Program (“PPP”) under Division A, Title I of the CARES Act, which was enacted March 27, 2020. The loan, which was in the form of a Note dated April 16, 2020 issued by First Home Bank matures on April 16, 2022 and bears an interest rate of 1% per annum. The School intends to use the entire Loan amount for qualifying expenses. Under the terms of the PPP, certain amount of the loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. The loan was forgiven in May 2021.

PROSPECTS FOR THE FUTURE

The School continues to receive funds from State sources in the form of Florida Education Finance Program Fees (FEFP). The fees are evaluated in October and February and are based on student enrollment.

- Administration believes that the School will continue to receive a higher rating from the Department of Education, based on test scores and academic achievement.
- The Administration believes that higher test scores will continue to be achieved because of investments in computer-based reading and math programs.
- The School should surpass its budgeted amount of 220 students for the 2021-2022 year.
- The Administration believes that the School will continue to progress and contribute to the educational needs of Sarasota County.

REQUESTS FOR INFORMATION

The Management’s and Discussion Analysis section provides a general overview of the finances of the School. Requests for additional information should be addressed to Sherika Evans, Principal, at 845 South School Avenue, Sarasota, Florida 34237.

SUNCOAST SCHOOL FOR INNOVATIVE STUDIES, INC.
Governmental Fund Balance Sheet (General Fund)
June 30, 2021

	<u>General Fund</u>
ASSETS	
Cash	\$ 996,904
Accounts Receivable	29,759
Other assets	51,033
Deposits	12,000
Total Assets	<u><u>\$ 1,089,696</u></u>
LIABILITIES	
Accounts Payable	25,870
Deferred revenue	52,500
Payroll Liabilities	38,915
Note Payable	399,080
Total Liabilities	<u><u>516,365</u></u>
FUND BALANCE	
Unassigned	573,331
Total fund balances	<u><u>573,331</u></u>
Total Liabilities and Fund Balance	<u><u>\$ 1,089,696</u></u>

The accompanying notes are an integral part of this statement

SUNCOAST SCHOOL FOR INNOVATIVE STUDIES, INC.
STATEMENT OF NET POSITION
For the Year ended June 30, 2021

ASSETS	Account Number	Primary Government		Total
		Governmental Activities	Business-type Activities	
Cash and Cash Equivalents	1110	996,904		996,904
Accounts Receivable, Net	1130	29,759		
Deferred Charges:				
Prepaid Items	1230	51,033		51,033
Deposits	1210	12,000		12,000
Capital Assets:				
Land	1310			
Buildings & Fixed Equipment	1330	442,589		442,589
Less Accumulated Depreciation	1329	(227,178)		(227,178)
Furniture, Fixtures and Equipment	1340	597,835		597,835
Less Accumulated Depreciation	1349	(557,826)		(557,826)
Motor Vehicles	1350	86,490		86,490
Less Accumulated Depreciation	1359	(10,006)		(10,006)
Total Assets		1,421,600		1,421,600
LIABILITIES				
Salaries and Wages Payable	2110	38,915		38,915
Payroll Deductions and Withholdings	2170			
Accounts Payable	2120	25,870		25,870
Deferred revenue	2170	52,500		52,500
Note Payable	2170	399,080		399,080
Total Liabilities		516,365		516,365
NET POSITION				
Invested in Capital Assets, Net of Related Debt		331,904		331,904
Restricted For:				
Categorical Carryover Programs	2710			
Debt Service	2750			
Unrestricted		573,331		573,331
Total Net Position		905,235		905,235

The accompanying notes are an integral part of this statement

SUNCOAST SCHOOL FOR INNOVATIVE STUDIES, INC.
Reconciliation of the Governmental Funds
Balance Sheet To The Statement of Net Position
June 30, 2021

Fund Balance- Governmental Funds \$ 573,331

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds

Governmental capital assets	\$ 1,126,914	
Less accumulated depreciation	<u>(795,010)</u>	
		331,904

Long-Term Liabilities not due and payable in the current period and therefore are not reported in the governmental funds

Net Position of Governmental activities \$ 905,235

The accompanying notes are an integral part of this statement

SUNCOAST SCHOOL FOR INNOVATIVE STUDIES, INC.
Statement of Governmental Fund Revenues, Expenditures and
Changes in Fund Balance
Year ended June 30, 2021

	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Revenue</u>	<u>Capital</u> <u>Outlay</u>	<u>Total</u>
EXPENSES				
Instruction	\$ 970,517			\$ 970,517
Instruction support services		177,886		177,886
Board Services	22,562			22,562
General Administration	102,229			102,229
School Administration	499,196			499,196
Facilities Acquisition			431,886	431,886
Fiscal Services	1,654			1,654
Central Services	31,413			31,413
Pupil Transportation	92,580			92,580
Operation of Plant	110,654			110,654
Maintenance of Plant	253,689			253,689
TOTAL EXPENSES	2,084,494	177,886	431,886	2,694,266
PROGRAM REVENUES				
Florida Education Finance Program (FEFP)	1,997,521			1,997,521
Capital Grants and Contributions			177,588	177,588
Charges for Services	11,665			11,665
Total program revenues	2,009,186	-	177,588	2,186,774
GENERAL REVENUES:				
Other Federal Sources		602,088		602,088
Other State Sources	210,266			210,266
Other Local Sources	12,070			12,070
Total General Revenues	222,336	602,088	-	824,424
Net Changes in Fund Balance	147,028	424,202	(254,298)	316,932
Other Sources (uses)				-
Transfers				-
Fund Balance, Beginning of Year	256,399			256,399
Fund Balance, End of Year	\$ 403,427	\$ 424,202	\$ (254,298)	\$ 573,331

The accompanying notes are an integral part of this statement

SUNCOAST SCHOOL FOR INNOVATIVE STUDIES, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

FUNCTIONS	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
Instruction	\$ 970,517	\$ 11,665	\$ 32,380		\$ (926,472)
Board Services	22,562				(22,562)
General Administration	102,229				(102,229)
School Administration	499,196				(499,196)
Facilities Acquisition and Construction	162,050			177,588	15,538
Fiscal Services	1,654				(1,654)
Central Services	31,413				(31,413)
Pupil Transportation	92,580				(92,580)
Operation of Plant	110,654				(110,654)
Maintenance of Plant	253,689				(253,689)
Interest on Long Term Debt					0
Depreciation	50,887				(50,887)
Total Governmental Activities	2,297,431	11,665	32,380	177,588	(2,075,798)
		General Revenues			
					1,997,521
					614,158
					2,611,679
					535,881
					369,355
					\$ 905,236

The accompanying notes are an integral part of this statement

SUNCOAST SCHOOL FOR INNOVATIVE STUDIES, INC.
Statement of Revenues, Expenditures and Changes
In Fund Balance-Budget (GAAP Basis) and Actual
All Governmental Fund Types
For the Fiscal Year Ended June 30, 2021

	General Fund			Special Revenue			Capital Outlay			TOTAL		
	Original and Final Budget	Actual	Variance	Original and Final Budget	Actual	Variance	Original and Final Budget	Actual	Variance	Original and Final Budget	Actual	Variance
EXPENDITURES:												
Instruction	\$ 1,108,328	\$ 954,713	\$ (153,615)	\$ -	\$ -					\$ 1,108,328	\$ 954,713	\$ (153,615)
Instructional support services	36,441	15,804	(20,637)	42,000	177,886	135,886				78,441	15,804	(62,637)
Board Services	22,311	22,562	251							22,311	22,562	251
General Administration	5,480	102,229	96,749							5,480	102,229	96,749
School Administration	669,771	499,196	(170,575)							669,771	499,196	(170,575)
Facilities Acquisition							141,382	431,886	290,504	141,382	431,886	290,504
Fiscal Services	1,680	1,654	(26)							1,680	1,654	(26)
Central Services	42,637	31,413	(11,224)							42,637	31,413	(11,224)
Pupil Transportation	73,700	92,580	18,880							73,700	92,580	18,880
Operation of Plant	285,856	110,654	(175,202)							285,856	110,654	(175,202)
Maintenance of Plant	137,068	253,689	116,621							137,068	253,689	116,621
Debt Service			-							-	-	-
	2,383,272	2,084,494	(298,778)	42,000	177,886	135,886	141,382	431,886	290,504	2,566,654	2,694,266	(50,274)

The accompanying notes are an integral part of this statement

SUNCOAST SCHOOL FOR INNOVATIVE STUDIES, INC.
Statement of Revenues, Expenditures and Changes
In Fund Balance-Budget (GAAP Basis) and Actual
All Governmental Fund Types (Cont'd)
For the Fiscal Year Ended June 30, 2021

	General Funds			Special Revenue			Capital Outlay			TOTAL		
	Original and Final Budget	Actual	Variance	Original and Final Budget	Actual	Variance	Original and Final Budget	Actual	Variance	Original and Final Budget	Actual	Variance
	PROGRAM REVENUES:											
Florida Education Finance Program	\$ 1,974,065	\$ 1,997,521	\$ 23,456							\$ 1,974,065	\$ 1,997,521	\$ 23,456
Capital Grants and Contributions							177,588	177,588		-	177,588	177,588
Charges for Services	19,377	11,665	(7,712)							19,377	11,665	(7,712)
	<u>1,993,442</u>	<u>2,009,186</u>	<u>15,744</u>				<u>-</u>	<u>177,588</u>	<u>177,588</u>	<u>1,993,442</u>	<u>2,186,774</u>	<u>193,332</u>
GENERAL REVENUES:												
Other Federal Sources				604,872	602,088	(2,784)				604,872	602,088	(2,784)
Other State Sources	323,227	210,266	(112,961)							323,227	210,266	(112,961)
Other Local Sources	7,165	12,070	4,905							7,165	12,070	4,905
	<u>330,392</u>	<u>222,336</u>	<u>(108,056)</u>	<u>604,872</u>	<u>602,088</u>	<u>(2,784)</u>				<u>935,264</u>	<u>824,424</u>	<u>(110,840)</u>
Excess of Expenditures over Revenues	<u>\$ (59,438)</u>	<u>\$ 147,028</u>	<u>\$ 206,466</u>	<u>\$ 562,872</u>	<u>\$ 424,202</u>	<u>\$ (138,670)</u>	<u>\$ (141,382)</u>	<u>\$ (254,298)</u>		<u>\$ 362,052</u>	<u>\$ 316,932</u>	<u>\$ 132,766</u>
Fund Balance, Beginning of Year		<u>256,399</u>			<u>-</u>						<u>256,399</u>	
Fund Balance, End of year		<u>\$ 403,427</u>			<u>\$ 424,202</u>			<u>\$ (254,298)</u>			<u>\$ 573,331</u>	

The accompanying notes are an integral part of this statement

SUNCOAST SCHOOL FOR INNOVATIVE STUDIES, INC.
Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances
of Governmental Funds To The
Statement of Activities
June 30, 2021

Net Changes in Fund Balances - Governmental Funds \$ 316,932

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

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is depreciated over their estimated useful lives.

Expenditures for capital assets	269,836	
Less current year depreciation	(50,887)	
	218,949	218,949

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.

Change in Net Position of Governmental Activities \$ 535,881

The accompanying notes are an integral part of this statement

SUNCOAST SCHOOL FOR INNOVATIVE STUDIES, INC.
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR
ENDED JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Suncoast School for Innovative Studies, Inc. (“the School”) was established as a nonprofit organization in January 1998 under the laws of the State of Florida and is the reporting entity.

The School operates as a Charter School pursuant to a Charter School Contract (the “Contract”) with the School District of Sarasota County, Florida. Under the Contract, the School provides an integrated method of education by incorporating an experimental interdisciplinary curriculum, utilizing mentoring, multi-age classes and authentic assessment to children from kindergarten through eighth grade. For financial statement purposes the School is considered a component unit of the School District of Sarasota County, which is a primary government entity for financial reporting.

The School District of Sarasota County received 5% of the Florida Education Finance Program (FEFP) revenue as an administrative fee.

The Contract was renewed effective through June 2023. The Contract requires the School Board to provide the School’s primary source of funding based upon the number of full-time equivalent students (FTE’s) registered at the School.

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

The School’s financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Government Accounting Standards Board (GASB) is responsible for establishing GAAP for school districts through its pronouncements (statements and interpretations). The more significant accounting policies established in GAAP and used by the School are discussed below.

Basic Financial Statements

The School’s basic financial statements are the Statement of Net Position and the Statement of Activities. All the activities of the School are classified as governmental type activities. There are no business type activities of the School. All the School’s governmental type activities are included in the general fund. There are no other major funds. In the Statement of Net Position, the governmental activities column is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt obligations. The School’s net assets are reported in three parts – invested in capital assets, net of related debt; restricted for categorical carryover programs, debt service; and unrestricted net position.

The Statement of Activities reports both the gross and net cost of each of the School’s functions. The functions are also supported by government revenues such as Florida Education Finance Program (FEFP), Capital Outlay Funds and Federal Grants. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (after care and youth services, etc.). Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

SUNCOAST SCHOOL FOR INNOVATIVE STUDIES, INC.
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR
ENDED JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont’d.)

Fund Financial Statements

Fund financial statements are provided for governmental funds. The operations of the funds are accounted for in a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues and expenditures. Major individual governmental funds are reported as separate columns in the fund financial statements:

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

Special Revenue Fund – accounts for specific revenue, such as federal grants that are legally restricted to expenditures for particular purposes.

Basis of Accounting

Basic of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounting and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual

The governmental type activities in the financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. When both restricted and unrestricted resources are available for use, it is the policy of the School to use restricted resources first, then the unrestricted resources as they are needed.

Measurement Focus

The accounting and financial reporting treatment is determined by applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources (current assets less current liabilities) or economic resources (all assets and liabilities).

The Government wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet and operating statements present increases (i.e. revenues) and decreases (i.e. expenses) in net assets.

Governmental funds financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statement of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e. expenditures and other financial uses) in current net position.

SUNCOAST SCHOOL FOR INNOVATIVE STUDIES, INC.
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR
ENDED JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont’d.)

Measurement Focus (Cont’d.)

Under the modified accrual basis of accounting, revenues are recognized when they become measurable and available to finance expenditures of the fiscal period. For this purpose, the School considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles include the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

Concentration of Credit Risk

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

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

Contributed Services

The School does not recognize any support, revenue or expense from services contributed by individual volunteers because they do not meet the criteria for measurement.

Budgetary Basis of Accounting

Budgets are presented on the modified accrual basis of accounting. During the fiscal year expenditures were controlled at the object level (i.e., salaries, purchased services and capital outlay).

Capital Assets

Capital assets purchased or acquired with an original cost of \$500 or more are reported at historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Leasehold Improvements	10 Years
Furniture, Fixtures and Equipment	5-10 Years

SUNCOAST SCHOOL FOR INNOVATIVE STUDIES, INC.
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR
ENDED JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont’d.)

Revenue Sources

Revenues for operations are received primarily from the School District of Sarasota County 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 School District of Sarasota County. Funding for the School is adjusted during the year to reflect the revised calculations by the Florida Department of Education under the Florida Education Finance Program and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey periods. In addition, the School receives an annual allocation of charter school capital outlay funds for leasing of school facility.

Fund Balance Classifications

GASB requires the fund balance amounts to be properly reported within one of the fund balance categories listed below:

- a) **Nonspendable** fund balance includes amounts that are not in a spendable form such as inventories, prepaid expenses, long-term loans, notes receivable, and property held for resale (unless the proceeds are restricted, committed or assigned). There was no nonspendable fund balance at year end.
- b) **Restricted** fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally, or through enabling legislation. There was no restricted fund balance at year end.
- c) **Committed** fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the School’s highest level of decision making authority. There was no committed fund balance at year end.
- d) **Assigned** fund balance includes amounts intended to be used by the School’s Management for specific purposes but which does not meet the criteria to be classified as restricted or committed. There was no assigned fund balance at year end.
- e) **Unassigned** fund balance includes amounts that are available for any purpose. These amounts are reported only in the general fund. There was an unassigned fund balance at year end.

Order of Fund Balance Spending Policy

The School’s policy is to apply expenditures against nonspendable fund balance followed in order by restricted fund balance, committed fund balance, assigned fund balance, and lastly unassigned fund balance at the end of the fiscal year. The School’s Board of Directors can deviate from this policy if it is in the best interest of the School.

**SUNCOAST SCHOOL FOR INNOVATIVE STUDIES, INC.
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR
ENDED JUNE 30, 2021**

NOTE 2 – FAIR VALUE MEASUREMENTS

The Fair Value Measurement Topic of the FASB Accounting Standards Codification defines fair value, establishes a consistent framework for measuring fair value within accounting principles generally accepted in the United States of America. The Organization’s financial Assets, measured at fair value, include cash that is valued according to level 1, which is the highest level of measurement.

NOTE 3 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021 was as follows:

	<u>Balance</u> <u>Beginning</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>Ending</u>
Leasehold				
Improvements	\$ 268,261	\$ 174,328	\$	\$ 442,589
Furniture, Fixtures and Equipment	580,107	17,728		597,835
Motor Vehicle	8,710	77,780		86,490
	<u>857,078</u>	<u>269,836</u>		<u>1,126,914</u>
Less Accumulated Depreciation	744,123	50,887		795,010
Capital Net Assets	<u>\$ 112,955</u>	<u>\$ 218,949</u>	<u>\$</u>	<u>\$ 331,904</u>

Depreciation expense of \$50,887 was unallocated during the year ended June 30, 2021.

The beginning balances were restated to reflect actual amounts.

NOTE 4 – COMPENSATED ABSENCES

Employees of the School are entitled to paid vacation and sick days depending on length of services. The School’s policy is to recognize the cost of vacation days when earned by the employee. The value of unused vacation days was determined to be immaterial and therefore no accrual has been made.

NOTE 5 – LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2021 was as follows:

Notes Payable

The School has a line of credit for \$300,000 with a local bank. The school had not drawn down any funds on this line of credit at June 30, 2021.

**SUNCOAST SCHOOL FOR INNOVATIVE STUDIES, INC.
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR
ENDED JUNE 30, 2021**

NOTE 5 – LONG-TERM LIABILITIES (Cont'd)

During 2020, the School was granted a loan from Servis First Bank in the aggregate amount of \$351,800, pursuant to the Paycheck Protection Program (“PPP”) under Division A, Title I of the CARES Act, which was enacted March 27, 2020. The loan, which was in the form of a Note dated April 16, 2020 issued by First Home Bank matures on April 16, 2022 and bears an interest rate of 1% per annum. The School intends to use the entire Loan amount for qualifying expenses. Under the terms of the PPP, certain amount of the loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. The loan was forgiven in May 2021.

On February 4, 2021 the school received a second PPP loan under the Cares Act in the amount of \$399,080. The Note bears interest at a rate of 1% per annum. The School intends to use the entire Loan amount for qualifying expenses. Under the terms of the PPP, certain amount of the loan may be forgiven if they are used for qualifying expenses as described in the CARES Act.

NOTE 6 – OPERATING LEASE

The School leases its facilities under an operating lease that expire in June 2022 Rent expense for the year ended June 30, 2021 was \$162,050. The School closed one of the locations during the year. Future minimum lease payments, assuming the contract with the School District of Sarasota County and the building lease will be renewed, are as follows:

Year Ending June 30,	
2022	163,000
2023	167,000
2024	172,000
2025	178,000
2026	183,000
	<u>\$ 863,000</u>

NOTE 7 – RETIREMENT PLAN

The School has a 401(k) Profit Sharing Plan for its employees. Active participants may elect to contribute, on a tax deferred basis, a portion of their compensation not to exceed the maximum allowed by law. The School matches contributions equal to a percentage of the eligible employees compensation. For the year ended June 30, 2021, the School made contributions to the Plan totaling \$13,950.

NOTE 8 – COMMITMENTS AND CONTINGENCIES

Risk Management

The School is exposed to various risks of loss related to theft, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The School purchases commercial insurance for all material risks of loss to which the School is exposed, including general liability, property, automobile and workers compensation. A review of the last eleven years reveals that settled claims have not exceeded insurance coverage.

SUNCOAST SCHOOL FOR INNOVATIVE STUDIES, INC.
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR
ENDED JUNE 30, 2021

The School receives funding from the State of Florida based on the number of full time equivalent (FTE) students who attend the Charter School. The data is compiled by the School and is subject to audit by the State and if errors are found this could result in amounts having to be repaid to the State or decrease in future allocations. Management believes that the amounts that would have to be remitted to the State due to errors in their FTE count would not be material to the financial position of the School.

NOTE 9 – SUBSEQUENT EVENTS

Management has evaluated events that occurred subsequent to the year end for potential recognition or disclosures in the financial statements, through the date on which the financial statements were available to be issued. The date when the financial statements were available to be issued was September 20, 2021. Management's evaluation did not reveal any subsequent events that would have a material effect on the financial statements.

Mark Escoffery, P.A.

Certified Public Accountant

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

To the Board Members of Suncoast School for
Innovative Studies, Inc.
Sarasota, Florida

I have audited the financial statements of Suncoast School for Innovative Studies, Inc., (“the School”) (a nonprofit organization) as of and for the year ended June 30, 2021, and have issued my report thereon dated September 20, 2021. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing my audit, I considered the School’s internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School’s internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the School’s internal control over financial reporting.

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

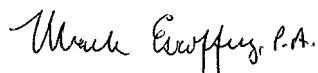
My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

To the Board Members of Suncoast School for
Innovative Studies, Inc.
Sarasota, Florida
Page 2

Compliance and Other Matters

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

This report is intended solely for the information and use of the Board Members, Management, others within the School and Federal Awarding Agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Palm Beach Gardens, Florida
September 20, 2021

Mark Escoffery, P.A.

Certified Public Accountant

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MANAGEMENT LETTER

To the Board of Directors of Suncoast School for
Innovative Studies, Inc.
Sarasota Florida

Report on the Financial Statements

I have audited the financial statements of Suncoast School for Innovative Studies, Inc., Florida, as of and for the fiscal year ended June 30, 2021, and have issued my report thereon dated September 20, 2021.

Auditor's Responsibility

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

Other Reports and Schedules

I have issued my Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*.

Prior Audit Findings

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

Official Title

Section 10.854(1)(e)5, Rules of the Auditor General, requires the name or official title of the entity. The official title of the entity is Suncoast School For Innovative Studies Inc.

MANAGEMENT LETTER (continued)

Financial Condition

Section 10.854(1)(e)2., Rules of the Auditor General, require that I report the results of my determination as to whether or not Suncoast School For Innovative Studies, Inc., has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with my audit, I determined that Suncoast School For Innovative Studies, Inc. did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, I applied financial condition assessment procedures for Suncoast School For Innovative Studies, Inc. It is management's responsibility to monitor Suncoast School For Innovative Studies, Inc.'s financial condition and my financial condition assessment was based in part on representations made by management and the review of financial information provided by same. Financial assessment made did not indicate that the School's financial condition is deteriorating.

Transparency

Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require that I report the results of my determination as to whether Suncoast School For Innovative Studies, Inc., maintains on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with my audit, I determined that Suncoast School For Innovative Studies, Inc., maintained on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes.

Other Matters

Section 10.854(1)(e)3., Rules of the Auditor General, requires that I address in the management letter any recommendations to improve financial management. In connection with my audit, I did not have any such recommendations.

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

Purpose of this Letter

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

Mark Escoffery, P.A.
September 20, 2021

