

**SUNLAKE ACADEMY OF
MATH AND SCIENCE**

(A CHARTER SCHOOL UNDER ADVANTAGE
ACADEMY OF HILLSBOROUGH, INC.)

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

INDEPENDENT AUDITOR'S REPORT
for the fiscal year ended JUNE 30, 2021

King & Walker, CPAs, PL

Certified Public Accountants

THIS PAGE IS INTENTIONALLY BLANK.

SUNLAKE ACADEMY OF MATH AND SCIENCE
(A CHARTER SCHOOL UNDER ADVANTAGE ACADEMY OF HILLSBOROUGH, INC.)
A Charter School and Component Unit of the District School Board of Hillsborough County, Florida

TABLE OF CONTENTS

	<u>PAGE NO.</u>
FINANCIAL SECTION	
Independent Auditor’s Report	1
Management’s Discussion and Analysis – (Unaudited)	3
Basic Financial Statements	
<i>Government-Wide Financial Statements:</i>	
Statement of Net Position	8
Statement of Activities	9
<i>Fund Financial Statements:</i>	
Balance Sheet – Governmental Funds	10
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	11
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	12
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	13
Notes to Financial Statements	14
Required Supplementary Information	
Budgetary Comparison Schedule – General and Special Revenue Fund – (Unaudited)	27
Notes to Required Supplementary Information	28
COMPLIANCE AND INTERNAL CONTROL	
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Governmental Auditing Standards</i>	29
Management Letter as required by Rules of the Florida Auditor General, Chapter 10.850, Florida Statutes, <i>Charter School Audits</i>	31

Members:
Florida Institute of CPAs
American Institute of CPAs
Government Audit Quality Center

2803 W. Busch Blvd Ste 106
Tampa, FL 33618
office (813) 892-4274 fax (813) 932-1913
www.KingandWalker.com

Independent Auditor's Report

To the Board of Directors of the Sunlake Academy of Math and Science
(A charter school under Advantage Academy of Hillsborough, Inc.),
a Charter School and Component Unit of the
District School Board of Hillsborough County, Florida

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Emphasis of Matter

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison Schedule, and Note to Required Supplementary Information, as 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 historic context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 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 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 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.

Respectfully submitted,



August 31, 2021
Tampa, Florida

SUNLAKE ACADEMY OF MATH AND SCIENCE
(A CHARTER SCHOOL UNDER ADVANTAGE ACADEMY OF HILLSBOROUGH, INC.)
A Charter School and Component Unit of the District School Board of Hillsborough County, Florida
MANAGEMENT’S DISCUSSION AND ANALYSIS - (Unaudited)

The Management’s Discussion and Analysis (MD&A) section of the annual financial report of the Sunlake Academy of Math and Science (“School”), a charter school under Advantage Academy of Hillsborough, Inc., provides an overview of the School’s activities for the fiscal year ended June 30, 2021.

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

FINANCIAL HIGHLIGHTS

- For the fiscal year ended June 30, 2021, the School’s revenue exceeded expenses as shown on the School’s statement of activities by \$241,015.
- As shown on the statement of net position, the School reported an unrestricted net position balance of \$335,993.

OVERVIEW OF THE FINANCIAL STATEMENTS

The basic financial statements consist of three components:

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

Government-Wide Financial Statements

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

SUNLAKE ACADEMY OF MATH AND SCIENCE
(A CHARTER SCHOOL UNDER ADVANTAGE ACADEMY OF HILLSBOROUGH, INC.)
A Charter School and Component Unit of the District School Board of Hillsborough County, Florida

MANAGEMENT'S DISCUSSION AND ANALYSIS - (Unaudited)

Fund Financial Statements

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

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

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

The governmental funds balance sheet and statement of revenues, expenditures, and changes in fund balances provide detailed information about the School's most significant funds. The School operates three funds; a General Fund, a Capital Projects Fund, and a Special Revenue Fund. The School has elected to show each fund as a major fund.

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

Notes to Financial Statements

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

SUNLAKE ACADEMY OF MATH AND SCIENCE
(A CHARTER SCHOOL UNDER ADVANTAGE ACADEMY OF HILLSBOROUGH, INC.)
A Charter School and Component Unit of the District School Board of Hillsborough County, Florida
MANAGEMENT'S DISCUSSION AND ANALYSIS - (Unaudited)

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Net Position, End of Year

	Governmental Activities		Increase (Decrease)
	6-30-20	6-30-21	
ASSETS			
Current and Other Assets	\$ 568,215	\$ 775,914	\$ 207,699
Capital Assets, Net	325,338	327,261	1,923
Total Assets	893,553	1,103,175	209,622
LIABILITIES			
Current Liabilities	394,161	439,921	45,760
Noncurrent Liabilities	168,424	91,271	(77,153)
Total Liabilities	562,585	531,192	(31,393)
NET POSITION			
Net Investment in Capital Assets	156,914	235,990	79,076
Restricted	-	52,589	52,589
Unrestricted	174,054	283,404	109,350
Total Net Position	\$ 330,968	\$ 571,983	\$ 241,015

The current assets of the School consist of cash & cash equivalents, prepaid items & deposits, due from other agencies, and accounts receivable. Liabilities consist of salaries and benefits payable, vendor accounts payable, and a long-term note payable.

For the fiscal year ended June 30, 2021 the total net position balance amounted to \$571,983.

SUNLAKE ACADEMY OF MATH AND SCIENCE
(A CHARTER SCHOOL UNDER ADVANTAGE ACADEMY OF HILLSBOROUGH, INC.)
A Charter School and Component Unit of the District School Board of Hillsborough County, Florida
MANAGEMENT'S DISCUSSION AND ANALYSIS - (Unaudited)

The following is a summary of the School's change in net position for the current year and prior year:

	Operating Results for the Year		
	<u>Governmental Activities</u>		
	<u>6-30-20</u>	<u>6-30-21</u>	<u>Increase (Decrease)</u>
Revenues:			
Federal Through State and Local	\$ -	\$ 82,511	\$ 82,511
State	5,452,058	6,535,050	1,082,992
Local and Other	416,842	260,998	(155,844)
Special Item - Intercompany Transfer In	320,000	100,000	(220,000)
Total Revenues	<u>6,188,900</u>	<u>6,978,559</u>	<u>789,659</u>
Expenses:			
Instruction	3,285,280	3,117,727	(167,553)
Student Support Services	23,753	19,993	(3,760)
Instructional Media	-	495	495
Instruction & Curriculum Development	123,345	62,381	(60,964)
Instructional Staff Training	3,025	2,825	(200)
Instructional Related Technology	110,303	90,790	(19,513)
Board	153,764	33,636	(120,128)
General Administration	356,317	409,652	53,335
School Administration	425,760	469,435	43,675
Facilities Acquisition & Construction	1,406,815	1,475,627	68,812
Fiscal Services	270,318	323,477	53,159
Central Services	3,277	4,731	1,454
Student Transportation	25,680	17,383	(8,297)
Operation of Plant	425,733	441,718	15,985
Maintenance of Plant	59,288	41,731	(17,557)
Administrative Technology Services	-	3,641	3,641
Community Service	199,648	130,727	(68,921)
Debt Service - Interest	14,503	7,881	(6,622)
Unallocated Depreciation	63,969	83,694	19,725
Total Expenses	<u>6,950,778</u>	<u>6,737,544</u>	<u>(213,234)</u>
Increase/(Decrease) in Net Position	<u>\$ (761,878)</u>	<u>\$ 241,015</u>	<u>#####</u>

The largest revenue source for the School is the State of Florida (95%). Revenues from State sources for current operations are primarily received through the Florida Education Finance Program (FEFP) funding formula. The FEFP formula utilizes student enrollment data to determine the funds available for the School.

The largest concentrations of expenses were for Instruction related functions (49%) and Facilities related functions (29%), consisting of rent expense and operation and maintenance of the School facility.

SUNLAKE ACADEMY OF MATH AND SCIENCE
(A CHARTER SCHOOL UNDER ADVANTAGE ACADEMY OF HILLSBOROUGH, INC.)
A Charter School and Component Unit of the District School Board of Hillsborough County, Florida
MANAGEMENT'S DISCUSSION AND ANALYSIS - (Unaudited)

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

Governmental Funds

As the School completed the year, its governmental funds reported a combined fund balance of \$335,993.

BUDGETARY HIGHLIGHTS

The General Fund and Special Revenue Fund budgets for the fiscal year ended June 30, 2021, were developed based on the School's anticipated revenues and expenditures and the expected student population for the school year. Over the course of the year, the school revised the budgets several times. For the fiscal year ended June 30, 2021, the actual expenditures were equal to the final budgets. Refer to the Budgetary Comparison Schedule for additional information.

CAPITAL ASSETS

The School's capital assets for its governmental activities as of June 30, 2021, amounts to \$327,261 (net of accumulated depreciation). This investment in capital assets includes furniture, fixtures, and equipment and leasehold improvements. Additional information regarding the School's capital assets can be found in the notes to the financial statements.

DEBT

The School's long-term debt consists of a note payable with a principal balance of \$91,271 as of June 30, 2021. The purpose of the original loan was to acquire furniture, fixtures, and equipment used for educational purposes. Additional information regarding the School's debt can be found in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Facts, decisions, or conditions that are expected to have a significant effect on the financial position or results of operations of the School in the fiscal year 2021-22 include:

- Continued funding from FEFP.
- Expected increase in enrollment.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the School's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Director, Sunlake Academy of Math and Science, 18681 N. Dale Mabry Highway, Lutz, Florida 33548.

SUNLAKE ACADEMY OF MATH AND SCIENCE
(A CHARTER SCHOOL UNDER ADVANTAGE ACADEMY OF HILLSBOROUGH, INC.)
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF HILLSBOROUGH COUNTY, FLORIDA

STATEMENT OF NET POSITION

June 30, 2021

		<u>Government Activities</u>
ASSETS		
Cash & Cash Equivalents	\$	652,175
Due From Other Agencies		82,511
Accounts Receivable		30,510
Prepaid Items & Deposits		10,718
Capital Assets:		
Improvements Other Than Buildings, Net		172,698
Furniture, Fixtures, and Equipment, Net		154,563
Total Capital Assets		<u>327,261</u>
TOTAL ASSETS		<u><u>1,103,175</u></u>
LIABILITIES		
Salaries and Benefits Payable		317,479
Accounts Payable		122,442
Noncurrent Liabilities:		
Due Within One Year:		
Note Payable		77,839
Due After One Year:		
Note Payable		13,432
TOTAL LIABILITIES		<u><u>531,192</u></u>
NET POSITION		
Net Investment in Capital Assets		235,990
Restricted		52,589
Unrestricted		283,404
TOTAL NET POSITION	\$	<u><u>571,983</u></u>

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

SUNLAKE ACADEMY OF MATH AND SCIENCE
(A CHARTER SCHOOL UNDER ADVANTAGE ACADEMY OF HILLSBOROUGH, INC.)
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF HILLSBOROUGH COUNTY, FLORIDA

STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2021

		Program Revenues			Net (Expenses)
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes Net Position Governmental Activities	
Governmental Activities:					
Instruction	\$ 3,117,727	\$ -	\$ 43,471	\$ -	\$ (3,074,256)
Student Support Services	19,993	-	3,024	-	(16,969)
Instructional Media	495	-	-	-	(495)
Instruction & Curriculum Development	62,381	-	-	-	(62,381)
Instructional Staff Training	2,825	-	-	-	(2,825)
Instructional Related Technology	90,790	-	4,636	-	(86,154)
Board	33,636	-	-	-	(33,636)
General Administration	409,652	-	-	-	(409,652)
School Administration	469,435	-	-	-	(469,435)
Facilities Acquisition & Construction	1,475,627	-	-	449,513	(1,026,114)
Fiscal Services	323,477	-	-	-	(323,477)
Central Services	4,731	-	-	-	(4,731)
Student Transportation	17,383	-	-	-	(17,383)
Operation of Plant	441,718	-	23,652	-	(418,066)
Maintenance of Plant	41,731	-	1,701	-	(40,030)
Administrative Technology Services	3,641	-	-	-	(3,641)
Community Service	130,727	219,488	-	-	88,761
Debt Service - Interest	7,881	-	-	-	(7,881)
Unallocated Depreciation	83,694	-	-	-	(83,694)
Total Governmental Activities	\$ 6,737,544	\$ 219,488	\$ 76,484	\$ 449,513	(5,992,059)
General Revenue					
State Sources					6,085,537
Grants and Contributions not restricted to specific program					6,027
Local and Other					41,510
Special Item - Intercompany Transfer In					100,000
Total General Revenues					6,233,074
Change in Net Position					241,015
Net Position - July 1, 2020					330,968
Net Position - June 30, 2021					\$ 571,983

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

SUNLAKE ACADEMY OF MATH AND SCIENCE
(A CHARTER SCHOOL UNDER ADVANTAGE ACADEMY OF HILLSBOROUGH, INC.)
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF HILLSBOROUGH COUNTY, FLORIDA

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2021

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
ASSETS				
Cash & Cash Equivalents	\$ 602,306	\$ 49,869	\$ -	\$ 652,175
Due From Other Agencies	-	82,511	-	82,511
Accounts Receivable	30,510	-	-	30,510
Prepaid Items & Deposits	10,718	-	-	10,718
Due from Other Funds	82,511	2,720	-	85,231
Total Assets	\$ 726,045	\$ 135,100	\$ -	\$ 861,145
LIABILITIES				
Salaries and Benefits Payable	\$ 317,479	\$ -	\$ -	\$ 317,479
Accounts Payable	122,442	-	-	122,442
Due to Other Funds	2,720	82,511	-	85,231
Total Liabilities	442,641	82,511	-	525,152
FUND BALANCES				
Nonspendable	10,718	-	-	10,718
Restricted for Internal Accounts	-	52,589	-	52,589
Unassigned	272,686	-	-	272,686
Total Fund Balances	283,404	52,589	-	335,993
Total Liabilities and Fund Balances	\$ 726,045	\$ 135,100	\$ -	\$ 861,145

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

SUNLAKE ACADEMY OF MATH AND SCIENCE
(A CHARTER SCHOOL UNDER ADVANTAGE ACADEMY OF HILLSBOROUGH, INC.)
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF HILLSBOROUGH COUNTY, FLORIDA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2021

Total Fund Balances - Governmental Funds	\$ 335,993
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and therefore, are not reported as assets in governmental funds.	327,261
Long-term liabilities are not due and payable in the current period and therefore, are not reported as liabilities in the governmental funds.	
Note Payable	<u>(91,271)</u>
Total Net Position - Governmental Activities	<u>\$ 571,983</u>

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

SUNLAKE ACADEMY OF MATH AND SCIENCE
(A CHARTER SCHOOL UNDER ADVANTAGE ACADEMY OF HILLSBOROUGH, INC.)
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF HILLSBOROUGH COUNTY, FLORIDA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2021

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
Revenues				
Intergovernmental:				
Federal Through State and Local State	\$ -	\$ 82,511	\$ -	\$ 82,511
	6,085,537	-	449,513	6,535,050
Local and Other	233,589	27,409	-	260,998
Total Revenues	6,319,126	109,920	449,513	6,878,559
Expenditures				
Current - Education:				
Instruction	3,074,256	43,471	-	3,117,727
Student Support Services	16,969	3,024	-	19,993
Instructional Media	495	-	-	495
Instruction & Curriculum Development	62,381	-	-	62,381
Instructional Staff Training	2,825	-	-	2,825
Instructional Related Technology	86,154	4,636	-	90,790
Board	33,636	-	-	33,636
General Administration	409,652	-	-	409,652
School Administration	469,435	-	-	469,435
Facilities Acquisition & Construction	1,026,114	-	449,513	1,475,627
Fiscal Services	323,477	-	-	323,477
Central Services	4,731	-	-	4,731
Student Transportation	17,383	-	-	17,383
Operation of Plant	418,066	23,652	-	441,718
Maintenance of Plant	40,030	1,701	-	41,731
Administrative Technology Services	3,641	-	-	3,641
Community Service	96,953	33,774	-	130,727
Fixed Capital Outlay:				
Other Capital Outlay	85,617	-	-	85,617
Debt Service:				
Principal	77,153	-	-	77,153
Interest	7,881	-	-	7,881
Total Expenditures	6,256,849	110,258	449,513	6,816,620
Excess/(Deficiency) of Revenues				
Over Expenditures	62,277	(338)	-	61,939
Other Financing Sources (Uses):				
Special Item - Intercompany Transfer In	100,000	-	-	100,000
Transfers In/(Out)	(52,927)	52,927	-	-
Total Other Financing Sources (Uses)	47,073	52,927	-	100,000
Net Change in Fund Balances	109,350	52,589	-	161,939
Fund Balances, July 1, 2020	174,054	-	-	174,054
Fund Balances, June 30, 2021	\$ 283,404	\$ 52,589	\$ -	\$ 335,993

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

SUNLAKE ACADEMY OF MATH AND SCIENCE
(A CHARTER SCHOOL UNDER ADVANTAGE ACADEMY OF HILLSBOROUGH, INC.)
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF HILLSBOROUGH COUNTY, FLORIDA

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2021

Net Change in Fund Balances - Governmental Funds	\$	161,939
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.</p>		
Capital Outlays		85,617
Depreciation Expense		(83,694)
		1,923
<p>The repayment of principal of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term debt in the statement of net position.</p>		
		77,153
Change in Net Position - Governmental Activities	\$	241,015

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

SUNLAKE ACADEMY OF MATH AND SCIENCE
(A CHARTER SCHOOL UNDER ADVANTAGE ACADEMY OF HILLSBOROUGH, INC.)

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

NOTES TO FINANCIAL STATEMENTS
June 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

➤ **Reporting Entity**

Sunlake Academy of Math and Science (“School”), a charter school under Advantage Academy of Hillsborough, Inc., is a component unit of the District School Board of Hillsborough County, Florida. The School’s charter is held by Advantage Academy of Hillsborough, Inc., a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act. The governing body of the School is the not-for-profit corporation Board of Directors, which is comprised of not less than three members.

The basic financial statements of the School present only the balances, activity and disclosures related to the School. They do not purport to, and do not, present fairly the financial position of Advantage Academy of Hillsborough, Inc. as of June 30, 2021, and its changes in financial position or budgetary comparisons, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, the District School Board of Hillsborough County, Florida, (“District”). The current charter became effective on June 15, 2021 and shall cover a term of 10 years commencing on July 1, 2021, and ending on June 30, 2031. The charter agreement is subject to annual review and may be renewed by mutual agreement between the School and the District. At the end of the term of the charter, the District may choose not to renew the charter under grounds specified in the charter. In this case, the District is required to notify the school in writing at least 90 days prior to the charter’s expiration. During the term of the charter, the District may also terminate the charter if good cause is shown. In the event of termination of the charter, the District shall assume operation of the School. The School is considered a component unit of the District; therefore, for financial reporting purposes, the School is required to follow generally accepted accounting principles applicable to state and local governmental units.

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

SUNLAKE ACADEMY OF MATH AND SCIENCE
(A CHARTER SCHOOL UNDER ADVANTAGE ACADEMY OF HILLSBOROUGH, INC.)

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

➤ **Basis of Presentation**

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

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

Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School.

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

The School's major governmental funds are as follows:

- General Fund – to account for all financial resources not required to be accounted for in another fund, and for certain revenues from the State that are legally restricted to be expended for specific current operating purposes.
- Special Revenue Fund – to account for federal grant programs, food service operations and internal accounts.
- Capital Projects Fund – to account for all resources for the acquisition of capital assets and related items purchased by the School with capital outlay funds.

➤ **Basis of Accounting**

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

The government-wide financial statements are prepared using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized

SUNLAKE ACADEMY OF MATH AND SCIENCE
(A CHARTER SCHOOL UNDER ADVANTAGE ACADEMY OF HILLSBOROUGH, INC.)

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

when a liability is incurred, regardless of the timing of the related cash flows. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are prepared using the modified accrual basis of accounting. Revenues, except for certain grant revenues, are recognized when they become measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The School considers revenues to be available if they are collected within 30 days of the end of the current fiscal year. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for Federal, State, and other grant resources, revenue is recognized at the time the expenditure is made. Under the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized when due. Allocations of cost, such as depreciation, are not recognized in governmental funds.

➤ **Cash and Cash Equivalents**

Cash and cash equivalents are defined as demand deposits, money market accounts, and short term investments with original maturities of eight months or less from date of acquisition. The School considers all demand accounts and money market funds which are not subjected to withdrawal restrictions to be cash and cash equivalents.

The School's deposits are placed with banks and savings and loans which are qualified as public depositories, prior to receipt of public monies, under Chapter 280, Florida statutes and the School's policy. The School maintains its cash accounts with one qualified public depository. The accounts routinely exceed the federally insured limit of \$250,000. Monies deposited in amounts greater than the insurance coverage are secured by the bank's pledging securities with the state treasurer in the collateral pool. The School has not experienced any losses in such accounts and does not believe it is exposed to any significant credit or custodial risk.

➤ **Capital Assets**

Expenditures for capital assets acquired or constructed for general School purposes are reported in the governmental fund that financed the acquisition or construction. The capital assets so acquired are reported at cost in the government-wide statement of net position but are not reported in the governmental fund financial statements. Capital assets are defined by the School as those costing more than \$1,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at fair value at the date of donation.

SUNLAKE ACADEMY OF MATH AND SCIENCE
(A CHARTER SCHOOL UNDER ADVANTAGE ACADEMY OF HILLSBOROUGH, INC.)

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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

<u>Description</u>	<u>Estimated Lives</u>
Furniture, Fixtures and Equipment	5 years
Improvements Other than Buildings	10 years

➤ **Long-term Debt**

Long-term obligations that will be financed by resources to be received in the future by the general fund are reported in the government-wide financial statements, not in the general fund. Current-year information relative to changes in long-term debt is described in subsequent notes.

➤ **Deferred Outflows/Inflows of Resources**

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

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

➤ **Net Position and Fund Balance Classification**

Government-wide Financial Statements

Net Position are classified and reported in three components:

- Net Investment in Capital Assets – consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any borrowings that are attributed to the acquisition or improvement of those assets.
- Restricted Net Position – consists of net position with constraints placed on their use either by external groups such as creditors, contributors, or laws or regulations of other governments.
- Unrestricted Net Position – all other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

SUNLAKE ACADEMY OF MATH AND SCIENCE
(A CHARTER SCHOOL UNDER ADVANTAGE ACADEMY OF HILLSBOROUGH, INC.)

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

Fund Financial Statements

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

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

➤ **Order of Fund Balance Spending Policy**

The School’s policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year. First, nonspendable fund balances are determined. Then restricted fund balances for specific purposes are determined (not including nonspendable amounts). Any remaining fund balance amounts for the non-general funds are to be classified as restricted fund balance. It is possible for the non-general funds to be classified as restricted fund balance. It is possible for the non-general funds to have negative unassigned fund balance when nonspendable amounts plus the amount of restricted fund balances for specific purposes exceed the positive fund balance for non-general fund.

➤ **Revenue Sources**

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

SUNLAKE ACADEMY OF MATH AND SCIENCE
(A CHARTER SCHOOL UNDER ADVANTAGE ACADEMY OF HILLSBOROUGH, INC.)

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

NOTES TO FINANCIAL STATEMENTS
June 30, 2021

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

The basic amount of funding through the FEFP under Section 1011.62 is the product of the (1) unweighted FTE, multiplied by (2) the cost factor for each program, multiplied by (3) the base student allocation established by the legislature. Additional funds for exceptional students who do not have a matrix of services are provided through the guaranteed allocation designated in Section 1011.62(1)(e)2., Florida Statutes. For the fiscal year ended June 30, 2021, the School reported 868.00 unweighted FTE and 920.91 weighted FTE. Weighted funding is 3% of total FEFP funding.

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

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

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

The School receives state funds through the District under charter school capital outlay funding pursuant to Section 1013.62, Florida Statutes. Funds are based upon a capital outlay plan submitted to the District and are to be used for lease, rent or construction of school facilities. The School also receives funding through donations and fundraising efforts, school lunch sales and local property tax collections.

SUNLAKE ACADEMY OF MATH AND SCIENCE
(A CHARTER SCHOOL UNDER ADVANTAGE ACADEMY OF HILLSBOROUGH, INC.)

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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

➤ **Recently Issued Accounting Principles**

The School implemented GASB Statement No. 84, Fiduciary Activities, which establishes criteria for identifying and reporting fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether an entity is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists.

School internal funds are those funds received on behalf of students in connection with school, athletic, class, and club activities. The School's control over these funds precludes the School from reporting these activities in a Custodial Fund. Guidance provided by the Florida DOE requires these activities be reported in a Special Revenue Fund. As such, all internal fund transactions have been reported in the special revenue fund beginning in the fiscal year 2020-2021.

➤ **Income Taxes**

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

➤ **Use of Estimates**

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

➤ **Subsequent Events**

Management has evaluated all events subsequent to the balance sheet date and through the report date, which is the date these financial statements were available to be issued. Management determined there are no subsequent events which require disclosure.

SUNLAKE ACADEMY OF MATH AND SCIENCE
(A CHARTER SCHOOL UNDER ADVANTAGE ACADEMY OF HILLSBOROUGH, INC.)

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

NOTES TO FINANCIAL STATEMENTS
June 30, 2021

2. CASH DEPOSITS

Custodial Credit Risk – Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the School’s deposits may not be returned to the School. The School does not have a custodial credit risk policy. All cash deposits are held in banks that qualify as public depositories under Florida law. All such deposits are insured by federal depository insurance and/or collateralized with securities held in Florida’s multiple financial institution collateral pool as required by Chapter 280, Florida Statutes.

3. DUE FROM OTHER AGENCIES

Amounts Due from Other Agencies included in the accompanying Statement of Net Position and Balance Sheet – Governmental Funds consists of amounts due from the Hillsborough County District School Board for grant expenditures awaiting reimbursement. This receivable is considered to be fully collectible and as such, no allowance for uncollectibles is accrued.

4. ACCOUNTS RECEIVABLE – RELATED PARTY

Included in the accounts receivable balance reported in the statement of net position and the balance sheet – governmental funds, the School reported a receivable of \$29,663 as a result of money advanced for shared expenses awaiting reimbursement to The Charter School at Waterstone, a charter school under the same management company. The School expects to receive full payment within one year from the financial statement date and no allowance for uncollectible accounts has been established.

5. CHANGES IN CAPITAL ASSETS

Changes in capital assets are presented in the table below:

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Governmental Activities:</u>				
Improvements Other than Buildings	\$ 169,101	\$ 46,001	\$ -	\$ 215,102
Furniture, Fixtures and Equipment	297,721	39,616	-	337,337
Total Capital Assets	466,822	85,617	-	552,439
Less Accumulated Depreciation for:				
Improvements Other than Buildings	(21,937)	(20,467)	-	(42,404)
Furniture, Fixtures and Equipment	(119,547)	(63,227)	-	(182,774)
Total Accumulated Depreciation	(141,484)	(83,694)	-	(225,178)
Governmental Activities Capital Assets, net	\$ 325,338	\$ 1,923	\$ -	\$ 327,261

All depreciation expense was shown as unallocated on the Statement of Activities.

SUNLAKE ACADEMY OF MATH AND SCIENCE
(A CHARTER SCHOOL UNDER ADVANTAGE ACADEMY OF HILLSBOROUGH, INC.)

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

NOTES TO FINANCIAL STATEMENTS
June 30, 2021

6. ACCOUNTS PAYABLE – RELATED PARTY

Included in the accounts payable balance reported in the statement of net position and the balance sheet – governmental funds, the School reported a payable of \$31,130 as a result of shared expenditures paid by The Charter School at Waterstone (\$327), Bell Creek Academy (\$1,235), Valrico Lake Academy (\$25,958), Independence Academy (\$492), Hillsborough Academy of Math & Science (\$1,865), Channelside Academy of Math and Science (\$136) and Advantage Academy of Hillsborough (\$1,117), charter schools under the same charter-holder and under the same management company. Amounts are expected to be paid within one year.

7. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

At June 30, 2021, the School’s Special Revenue Fund owed the General Fund \$82,511 for expenditures awaiting reimbursement from other agencies. The General Fund owed the Special Revenue Fund \$2,720 for internal accounts transactions. During the fiscal year, the Special Revenue Fund transferred \$6,027 to the General Fund for grant expenditures from the prior fiscal year, and the General Fund transferred \$58,954 to the Special Revenue Fund for money held from the School’s internal accounts as prescribed by new accounting pronouncement GASB 84, which requires school internal accounts be accounted for in a special revenue fund. The amounts of interfund receivables, payables, and transfers are netted together and not reported in the statement of net position and the statement of activities.

8. NOTE PAYABLE

Note payable consisted of the following:

	Balance at
	6-30-21
Promissory Note	
Building Hope, A Charter School Facilities Fund	
\$350,000, 6% interest. The proceeds were used to acquire furniture, fixtures, and equipment. In the event of default, all principal and interest shall become due in full.	\$ 91,271
Total Note Payable	\$ 91,271

Amounts due for the note payable are as follows:

SUNLAKE ACADEMY OF MATH AND SCIENCE
(A CHARTER SCHOOL UNDER ADVANTAGE ACADEMY OF HILLSBOROUGH, INC.)

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

NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Fiscal Year			
Ending June 30	Total	Principal	Interest
2022	\$ 81,198	\$ 77,839	\$ 3,359
2023	13,533	13,432	101
Total	<u>\$ 94,731</u>	<u>\$ 91,271</u>	<u>\$ 3,460</u>

9. CHANGES IN LONG-TERM LIABILITIES

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

	Beginning Balance	Additions	Deductions	Ending Balance	Due in One Year
GOVERNMENTAL ACTIVITIES:					
Note Payable	\$ 168,424	\$ -	\$ (77,153)	\$ 91,271	\$ 77,839
Total Governmental Activities	<u>\$ 168,424</u>	<u>\$ -</u>	<u>\$ (77,153)</u>	<u>\$ 91,271</u>	<u>\$ 77,839</u>

10. SCHEDULE OF STATE REVENUE SOURCES

The following is a schedule of the School's State revenue:

Source	Amount
Florida Education Finance Program	\$ 5,074,452
Categorical Programs:	
Class Size Reduction	1,011,085
Charter School Capital Outlay	408,758
Miscellaneous	40,755
Total State Revenue	<u>\$ 6,535,050</u>

As provided in the charter school contract, the District has charged the School administrative fee totaling \$87,293.

11. SCHOOL FOOD SERVICE AGREEMENT

In July 2017, the School entered into an agreement with The Charter School at Waterstone (Waterstone), a charter school under the same management company, to operate the School's food service operations. Waterstone records all revenues and expenses and reimburses the School for the employee costs associated with food service meal preparation, limited to the revenues generated by the School.

SUNLAKE ACADEMY OF MATH AND SCIENCE
(A CHARTER SCHOOL UNDER ADVANTAGE ACADEMY OF HILLSBOROUGH, INC.)

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

12. RELATED PARTY TRANSACTIONS

The School reported \$100,000 of transfers in from Advantage Academy of Hillsborough, Inc., the Board contributed the monies towards the School general fund to cover excess expenditures during the year. Policies have been designed to ensure the prudent management of School funds, the availability of operating and capital funds as needed, and creating a fiscal benefit for the Governing board to further its mission and the mission of its Schools. These transactions are shown as Special Item – Intercompany Transfer In on the Statement of Activities and the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds.

13. OPERATING AGREEMENT

The School entered into a management contract with Charter School Associates (CSA). The contract calls for CSA to provide the School with marketing, curriculum design and implementation; student and staff recruiting; principal selection; and general management of the School's operations. An annual fee not to exceed 10% of the School's gross operating revenue (FEFP funds net of Sponsor's administrative fee; charter school capital outlay revenue; and Public Charter School Program funds, (if any). All other grants obtained by the Charter School and managed by CSA shall be subject to a fee of 3% of grant receipts. CSA may charge a development fee of \$150 per student for the inaugural year of the school's opening and the inaugural year of any subsequent expansion of the facility that is made to increase enrollment capacity. CSA Technology LLC, a company owned by CSA, also provides computer network services for this School. The management fee will be billed monthly based on the FEFP allocation. Fees under this agreement incurred to CSA during the fiscal year amounted to \$642,564.

14. PENSION PLAN

The School participates in a defined contribution tax sheltered annuity 401(k) plan for its full-time employees. Contributions made by the School totaled \$14,462 for the year ended June 30, 2021, which were computed at 2.5% of employee's deferral of wages for each participating employee. Contributions are directed to individual employee's accounts, and the individual employees allocate contributions and account balances among various available investment choices. Therefore, the School has no liability for the administration or payments of benefits of the plan, and accordingly the present value of the related benefits is not reflected in these financial statements. The School's Board of Directors sets the plan contribution rate annually.

15. RISK MANAGEMENT PROGRAMS

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

SUNLAKE ACADEMY OF MATH AND SCIENCE
(A CHARTER SCHOOL UNDER ADVANTAGE ACADEMY OF HILLSBOROUGH, INC.)

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

NOTES TO FINANCIAL STATEMENTS
June 30, 2021

16. COMMITMENTS AND CONTINGENT LIABILITIES

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

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

17. FACILITY LEASE

Advantage Academy of Hillsborough, Inc. entered into a 30 year noncancelable operating lease for its educational facility beginning September 1, 2017, through August 31, 2047. The lease provides for annual increases of rent adjusted for the lessor of the increase in the consumer price index or 2%. Lease terms also require rent premium payments for students in excess of a base number per school year. Net rental expenditures under the lease for the 2020-21 fiscal year amounted to \$1,475,627.

The following is a schedule, by years, of the School's portion of future minimum rental payments required under operating leases in excess of one year:

Fiscal Year Ending June 30:	Minimum Lease Payments
2022	\$ 1,505,880
2023	1,535,997
2024	1,566,717
2025	1,598,051
2026	1,630,012
2027-2031	8,652,301
2032-2036	9,552,839
2037-2041	10,547,106
2042-2046	11,644,855
2047-2048	4,990,519
Total	\$ 53,224,277

SUNLAKE ACADEMY OF MATH AND SCIENCE
(A CHARTER SCHOOL UNDER ADVANTAGE ACADEMY OF HILLSBOROUGH, INC.)

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

18. FUNDING AND CREDIT RISK CONCENTRATIONS

The School receives substantially all of its support and revenue from federal, state and local funding sources, passed through the District, in the form of performance and budget based contracts. Continuing operation of the School is greatly dependent upon the continued support of these governmental agencies.

19. LEGAL MATTERS

In the normal course of conducting its operations, the School occasionally becomes party to various legal actions and proceedings. The School has no legal actions or pending proceedings in progress.

SUNLAKE ACADEMY OF MATH AND SCIENCE
(A CHARTER SCHOOL UNDER ADVANTAGE ACADEMY OF HILLSBOROUGH, INC.)
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF HILLSBOROUGH COUNTY, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND AND SPECIAL REVENUE FUND (UNAUDITED)
For the Fiscal Year Ended June 30, 2021

	General Fund				Special Revenue Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues:								
Intergovernmental:								
Federal Through State and Local	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 82,511	\$ 82,511	\$ -
State	5,641,425	6,085,537	6,085,537	-	-	-	-	-
Local and Other	78,393	233,589	233,589	-	104,182	27,409	27,409	-
Total Revenues	<u>5,719,818</u>	<u>6,319,126</u>	<u>6,319,126</u>	<u>-</u>	<u>104,182</u>	<u>109,920</u>	<u>109,920</u>	<u>-</u>
Expenditures:								
Current - Education:								
Instruction	3,077,089	3,074,256	3,074,256	-	-	43,471	43,471	-
Student Support Services	21,368	16,969	16,969	-	-	3,024	3,024	-
Instructional Media	-	495	495	-	-	-	-	-
Instruction & Curriculum Development	47,315	62,381	62,381	-	-	-	-	-
Instructional Staff Training	3,055	2,825	2,825	-	-	-	-	-
Instructional Related Technology	173,870	86,154	86,154	-	-	4,636	4,636	-
Board	37,285	33,636	33,636	-	-	-	-	-
General Administration	308,948	409,652	409,652	-	-	-	-	-
School Administration	515,626	469,435	469,435	-	-	-	-	-
Facilities Acquisition & Construction	989,122	1,026,114	1,026,114	-	-	-	-	-
Fiscal Services	279,147	323,477	323,477	-	-	-	-	-
Central Services	3,310	4,731	4,731	-	-	-	-	-
Student Transportation	25,937	17,383	17,383	-	-	-	-	-
Operation of Plant	454,210	418,066	418,066	-	-	23,652	23,652	-
Maintenance of Plant	59,524	40,030	40,030	-	-	1,701	1,701	-
Administrative Technology Services	357	3,641	3,641	-	-	-	-	-
Community Service	-	96,953	96,953	-	78,812	33,774	33,774	-
Fixed Capital Outlay:								
Other Capital Outlay	-	85,617	85,617	-	-	-	-	-
Debt Service:								
Principal	77,153	77,153	77,153	-	-	-	-	-
Interest	8,464	7,881	7,881	-	-	-	-	-
Total Expenditures	<u>6,081,780</u>	<u>6,256,849</u>	<u>6,256,849</u>	<u>-</u>	<u>78,812</u>	<u>110,258</u>	<u>110,258</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(361,962)</u>	<u>62,277</u>	<u>62,277</u>	<u>-</u>	<u>25,370</u>	<u>(338)</u>	<u>(338)</u>	<u>-</u>
Other Financing Sources (Uses):								
Special Item - Intercompany Transfer In	-	100,000	100,000	-	-	-	-	-
Transfers In/(Out)	716,260	(52,927)	(52,927)	-	-	52,927	52,927	-
Total Other Financing Sources (Uses)	<u>716,260</u>	<u>47,073</u>	<u>47,073</u>	<u>-</u>	<u>-</u>	<u>52,927</u>	<u>52,927</u>	<u>-</u>
Net Change in Fund Balances	354,298	109,350	109,350	-	25,370	52,589	52,589	-
Fund Balances, July 1, 2020	174,054	174,054	174,054	-	58,954	-	-	-
Fund Balances, June 30, 2021	<u>\$ 528,352</u>	<u>\$ 283,404</u>	<u>\$ 283,404</u>	<u>\$ -</u>	<u>\$ 84,324</u>	<u>\$ 52,589</u>	<u>\$ 52,589</u>	<u>\$ -</u>

See Independent Auditor's Report.

SUNLAKE ACADEMY OF MATH AND SCIENCE
(A CHARTER SCHOOL UNDER ADVANTAGE ACADEMY OF HILLSBOROUGH, INC.)

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

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2021

1. BUDGETARY BASIS OF ACCOUNTING

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

Members:
Florida Institute of CPAs
American Institute of CPAs
Government Audit Quality Center

2803 W. Busch Blvd Ste 106
Tampa, FL 33618
office (813) 892-4274 fax (813) 932-1913
www.KingandWalker.com

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 of the Sunlake Academy of Math and Science
(A charter school under Advantage Academy of Hillsborough, Inc.),
a Charter School and Component Unit of the
District School Board of Hillsborough County, 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 Sunlake Academy of Math and Science (“School”), a charter school under Advantage Academy of Hillsborough, Inc. and a component unit of the District School Board of Hillsborough County, Florida, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School’s basic financial statements, and have issued our report thereon dated August 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”) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School’s internal control. Accordingly, we do not express an opinion on the effectiveness of the School’s internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,

A handwritten signature in black ink that reads "King & Walker, CPAs". The signature is written in a cursive, professional style.

August 31, 2021
Tampa, Florida

Members:
Florida Institute of CPAs
American Institute of CPAs
Government Audit Quality Center

2803 W. Busch Blvd Ste 106
Tampa, FL 33618
office (813) 892-4274 fax (813) 932-1913
www.KingandWalker.com

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

To the Board of Directors of the Sunlake Academy of Math and Science
(A charter school under Advantage Academy of Hillsborough, Inc.),
a Charter School and Component Unit of the
District School Board of Hillsborough County, Florida

Report on the Financial Statements

We have audited the financial statements of the Sunlake Academy of Math and Science (“School”), a Charter School and Component Unit of the District School Board of Hillsborough County, Florida, 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 those reports and schedule, which are 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. There were no prior audit findings or recommendations.

Official Title

Section 10.854(1)(e)5., Rules of the Auditor General, requires that the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title and the school code assigned by the Florida Department of Education of the entity are Sunlake Academy of Math and Sciences, 297681.

Financial Condition and Management

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

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

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

Transparency

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

Additional Matters

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

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

Purpose of this Letter

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

Respectfully submitted,



August 31, 2021
Tampa, Florida