

**TALLAHASSEE CLASSICAL  
SCHOOL, INC.**

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

INDEPENDENT AUDITOR'S REPORT AND  
FEDERAL SINGLE AUDIT

*for the fiscal year ended JUNE 30, 2021*

***King & Walker, CPAs, PL***

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*Certified Public Accountants*

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# TALLAHASSEE CLASSICAL SCHOOL, INC.

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**Independent Auditor's Report**

To the Board of Directors Tallahassee Classical School, Inc.,  
a Charter School and Component Unit of the  
District School Board of Leon 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 Tallahassee Classical School, Inc. ("School"), a charter school and component unit of the District School Board of Leon 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.

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

***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 1, 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,



September 1, 2021  
Tampa, Florida

# **TALLAHASSEE CLASSICAL SCHOOL, INC.**

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

## **MANAGEMENT’S DISCUSSION AND ANALYSIS - (Unaudited)**

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

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

### **FINANCIAL HIGHLIGHTS**

- For the fiscal year ended June 30, 2021, the School’s revenues exceeded expenses as shown on the School’s statement of activities by \$396,241.
- As shown on the statement of net position, the School reported an unrestricted net position balance of \$820,047.

### **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.

# TALLAHASSEE CLASSICAL SCHOOL, INC.

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

## MANAGEMENT'S DISCUSSION AND ANALYSIS - (Unaudited)

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### **Fund Financial Statements**

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

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

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

The governmental funds balance sheet and statement of revenues, expenditures, and changes in fund balances provide detailed information about the School's most significant funds. The School operates the following funds; a General Fund to account for its general operations and internal account activities and a Special Revenue Fund to account for food service operations and Federal grant programs. For reporting purposes, all funds are considered major funds.

The School adopts an annual budgets for its governmental funds. A budgetary comparison schedule, as required, has been provided for the General Fund and Major 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.

**TALLAHASSEE CLASSICAL SCHOOL, INC.**

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

**MANAGEMENT’S DISCUSSION AND ANALYSIS - (Unaudited)**

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**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

This was the School’s initial year of operations, as such there are no prior year amounts. The following is a summary of the School’s current year net position:

	<b>Net Position, End of Year</b>
	Governmental Activities
	<u>6-30-21</u>
<b>ASSETS</b>	
Current and Other Assets	\$ 942,342
Capital Assets, Net	<u>12,035,275</u>
Total Assets	<u>12,977,617</u>
<b>LIABILITIES</b>	
Current Liabilities	122,295
Noncurrent Liabilities	<u>12,624,199</u>
Total Liabilities	<u>12,746,494</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	(588,924)
Unrestricted	<u>820,047</u>
Total Net Position	<u>\$ 231,123</u>

The largest portions of the School’s total assets are cash and cash equivalents and capital assets, net of depreciation. Current liabilities consist of salaries and benefits payable and accounts payable. Long-term liabilities consist mainly of a note payable for the purchase of its School facility. The School reported an unrestricted net position balance of \$820,047.



**TALLAHASSEE CLASSICAL SCHOOL, INC.**

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

**MANAGEMENT’S DISCUSSION AND ANALYSIS - (Unaudited)**

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This was the School’s initial year of operations, as such there are no prior year amounts. The following is a summary of the School’s change in net position for the current year:

	<b>Operating Results for the Year</b>	
	<u>Governmental Activities</u>	
	<u>6-30-21</u>	
<b>Revenues:</b>		
Federal Through State and Local	\$	877,819
State		3,702,106
Local and Other		86,149
Total Revenues		<u>4,666,074</u>
<b>Expenses:</b>		
Instruction		2,211,536
Instructional Staff Training		35,327
Board		18,634
School Administration		539,069
Facilities Acquisition & Construction		3,975
Fiscal Services		16,273
Food Services		144,984
Central Services		143,950
Operation of Plant		421,726
Maintenance of Plant		1,148
Administrative Technology Services		11,468
Debt Service - Interest		420,236
Unallocated Depreciation		301,507
Total Expenses		<u>4,269,833</u>
<b>Increase in Net Position</b>	<b>\$</b>	<b><u>396,241</u></b>

The largest revenue source for the School is the State of Florida (79%). The School also received 19% of its total revenue from Federal grants. 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 concentration of expenses was for instruction related functions, which amounted to 53% total expenditures.

# **TALLAHASSEE CLASSICAL SCHOOL, INC.**

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

## **MANAGEMENT'S DISCUSSION AND ANALYSIS - (Unaudited)**

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### **FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS**

#### **Governmental Funds**

As the School completed the year, its governmental funds reported a combined fund balance of \$820,047.

### **BUDGETARY HIGHLIGHTS**

The general fund and special revenue budgets for the fiscal year ended June 30, 2021, were developed based on the School's anticipated revenues and expenditures, the expected student population, and Federal grant programs for the school year. Refer to the Budgetary Comparison Schedule for additional information.

### **CAPITAL ASSETS**

The School's investment in capital assets for its governmental activities as of June 30, 2021, amounts to \$12,035,275 (net of accumulated depreciation). This investment in capital assets includes land, buildings and fixed equipment, improvements other than buildings, and furniture, fixtures, and equipment. Additional information regarding the School's capital assets can be found in the notes to the financial statements.

### **DEBT**

The School in December 2019 obtained a \$12,900,000 loan from CLI Capital to obtain land and construct its educational facility. The loan carries an interest rate of 6.5% and is due December 31, 2021. The School is planning to refinance this loan for a longer term.

In June 2020, the School received an Economic Injury Disaster Loan from the SBA for \$52,800 to be used for operating expenses. The loan carries an interest rate of 2.75% for 30 years.

Additional information regarding the School's debt can be found in the Notes to the financial statements.

### **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Tallahassee Classical School, Inc.'s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director, Tallahassee Classical School, Inc., 4141 Artemis Way, Tallahassee, FL 32311.

**TALLAHASSEE CLASSICAL SCHOOL, INC.**  
**A CHARTER SCHOOL AND COMPONENT UNIT OF THE**  
**DISTRICT SCHOOL BOARD OF LEON COUNTY, FLORIDA**

**STATEMENT OF NET POSITION**  
*June 30, 2021*

	Government Activities
<b>ASSETS</b>	
Cash & Cash Equivalents	\$ 882,459
Accounts Receivable	34,720
Prepaid Items & Deposits	25,163
Capital Assets:	
Land	870,000
Buildings & Fixed Equipment, Net	11,057,116
Improvements Other Than Buildings, Net	89,556
Furniture, Fixtures, and Equipment, Net	18,603
Total Capital Assets	12,035,275
<b>TOTAL ASSETS</b>	<b>12,977,617</b>
<b>LIABILITIES</b>	
Salaries and Benefits Payable	57,972
Accounts Payable	64,323
Noncurrent Liabilities:	
Due Within One Year:	
Notes Payable	12,571,399
Due After One Year:	
Notes Payable	52,800
<b>TOTAL LIABILITIES</b>	<b>12,746,494</b>
<b>NET POSITION</b>	
Net Investment in Capital Assets	(588,924)
Unrestricted	820,047
<b>TOTAL NET POSITION</b>	<b>\$ 231,123</b>

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

**TALLAHASSEE CLASSICAL SCHOOL, INC.**  
**A CHARTER SCHOOL AND COMPONENT UNIT OF THE**  
**DISTRICT SCHOOL BOARD OF LEON COUNTY, FLORIDA**

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

	Expenses	Program Revenues			Net (Expenses)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes Net Position Governmental Activities
Governmental Activities:					
Instruction	\$ 2,211,536	\$ -	\$ 534,035	\$ -	\$ (1,677,501)
Instructional Staff Training	35,327	-	13,574	-	(21,753)
Board	18,634	-	-	-	(18,634)
School Administration	539,069	-	16,718	-	(522,351)
Facilities Acquisition & Construction	3,975	-	-	-	(3,975)
Fiscal Services	16,273	-	-	-	(16,273)
Food Services	144,984	8,748	152,469	-	16,233
Central Services	143,950	-	-	-	(143,950)
Operation of Plant	421,726	-	161,023	-	(260,703)
Maintenance of Plant	1,148	-	-	-	(1,148)
Administrative Technology Services	11,468	-	-	-	(11,468)
Debt Service - Interest	420,236	-	-	-	(420,236)
Unallocated Depreciation	301,507	-	-	-	(301,507)
<b>Total Governmental Activities</b>	<b>\$ 4,269,833</b>	<b>\$ 8,748</b>	<b>\$ 877,819</b>	<b>\$ -</b>	<b>(3,383,266)</b>
General Revenue					
State Sources					3,702,106
Local and Other					77,401
Total General Revenues					<u>3,779,507</u>
Change in Net Position					396,241
Net Position - July 1, 2020					(165,118)
Net Position - June 30, 2021					<u>\$ 231,123</u>

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

**TALLAHASSEE CLASSICAL SCHOOL, INC.**  
**A CHARTER SCHOOL AND COMPONENT UNIT OF THE**  
**DISTRICT SCHOOL BOARD OF LEON COUNTY, FLORIDA**

**BALANCE SHEET - GOVERNMENTAL FUNDS**  
*June 30, 2021*

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Cash & Cash Equivalents	\$ 882,459	\$ -	\$ 882,459
Accounts Receivable	34,720	-	34,720
Prepaid Items & Deposits	25,163	-	25,163
Total Assets	<u>\$ 942,342</u>	<u>\$ -</u>	<u>\$ 942,342</u>
<b>LIABILITIES</b>			
Salaries and Benefits Payable	\$ 57,972	\$ -	\$ 57,972
Accounts Payable	64,323	-	64,323
Total Liabilities	<u>122,295</u>	<u>-</u>	<u>122,295</u>
<b>FUND BALANCES</b>			
Nonspendable	25,163	-	25,163
Unassigned	794,884	-	794,884
Total Fund Balances	<u>820,047</u>	<u>-</u>	<u>820,047</u>
Total Liabilities and Fund Balances	<u>\$ 942,342</u>	<u>\$ -</u>	<u>\$ 942,342</u>

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

**TALLAHASSEE CLASSICAL SCHOOL, INC.**  
**A CHARTER SCHOOL AND COMPONENT UNIT OF THE**  
**DISTRICT SCHOOL BOARD OF LEON COUNTY, FLORIDA**

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

*June 30, 2021*

<b>Total Fund Balances - Governmental Funds</b>	\$	820,047
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.		12,035,275
Long-term liabilities are not due and payable in the current period and therefore, are not reported as liabilities in the governmental funds.		
Notes Payable	(12,624,199)	<u>(12,624,199)</u>
<b>Total Net Position - Governmental Activities</b>	\$	<u><u>231,123</u></u>

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

**TALLAHASSEE CLASSICAL SCHOOL, INC.**  
**A CHARTER SCHOOL AND COMPONENT UNIT OF THE**  
**DISTRICT SCHOOL BOARD OF LEON 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	Total Governmental Funds
<b>Revenues</b>	<u>          </u>	<u>          </u>	<u>          </u>
Intergovernmental:			
Federal Through State and Local State	\$ -	\$ 877,819	\$ 877,819
State	3,702,106	-	3,702,106
Local and Other	77,401	8,748	86,149
Total Revenues	<u>3,779,507</u>	<u>886,567</u>	<u>4,666,074</u>
<b>Expenditures</b>			
Current - Education:			
Instruction	1,700,683	510,853	2,211,536
Instructional Staff Training	21,753	13,574	35,327
Board	18,634	-	18,634
School Administration	522,351	16,718	539,069
Facilities Acquisition & Construction	3,975	-	3,975
Fiscal Services	16,273	-	16,273
Food Services	-	144,984	144,984
Central Services	143,950	-	143,950
Operation of Plant	328,780	92,946	421,726
Maintenance of Plant	1,148	-	1,148
Administrative Technology Services	11,468	-	11,468
Fixed Capital Outlay:			
Facilities Acquisition & Construction	3,800,193	68,077	3,868,270
Other Capital Outlay	-	23,182	23,182
Debt Service:			
Principal	134,352	-	134,352
Interest	420,236	-	420,236
Total Expenditures	<u>7,123,796</u>	<u>870,334</u>	<u>7,994,130</u>
Excess/(Deficiency) of Revenues			
Over Expenditures	<u>(3,344,289)</u>	<u>16,233</u>	<u>(3,328,056)</u>
Proceeds from Debt	3,792,434	-	3,792,434
Transfers In/(Out)	<u>16,233</u>	<u>(16,233)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>3,808,667</u>	<u>(16,233)</u>	<u>3,792,434</u>
Net Change in Fund Balances	464,378	-	464,378
Fund Balances, July 1, 2020	355,669	-	355,669
Fund Balances, June 30, 2021	<u>\$ 820,047</u>	<u>\$ -</u>	<u>\$ 820,047</u>

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

**TALLAHASSEE CLASSICAL SCHOOL, INC.**  
**A CHARTER SCHOOL AND COMPONENT UNIT OF THE**  
**DISTRICT SCHOOL BOARD OF LEON 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*

<b>Net Change in Fund Balances - Governmental Funds</b>	\$	464,378
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Amounts reported for governmental activities in the statement of activities are different because:

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.

Capital Outlays	3,891,452		
Depreciation Expense	<u>(301,507)</u>		3,589,945

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.

134,352

Long-term debt proceeds are reported as other financing sources in the Governmental Funds and as long-term liabilities in the Statement of Net Position.

(3,792,434)

**Change in Net Position - Governmental Activities**

\$ 396,241

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



**TALLAHASSEE CLASSICAL SCHOOL, INC.**  
**A Charter School and Component Unit of the District School Board of Leon County, Florida**

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

➤ **Reporting Entity**

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

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, the District School Board of Leon County, Florida, (“District”). The current charter is effective until June 30, 2025, 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.

➤ **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

**TALLAHASSEE CLASSICAL SCHOOL, INC.**  
**A Charter School and Component Unit of the District School Board of Leon County, Florida**

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

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 considers all of its funds to be major governmental funds 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 and food service operations.

➤ **Basis of Accounting**

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

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

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.

**TALLAHASSEE CLASSICAL SCHOOL, INC.**  
**A Charter School and Component Unit of the District School Board of Leon County, Florida**

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

➤ **Cash and Cash Equivalents**

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

➤ **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 \$2,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at fair value at the date of donation.

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

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Fixed Equipment	39 years
Improvements Other Than Buildings	15 years
Furniture, Fixtures and Equipment	5 years

Current-year information relative to changes in capital assets is described in a subsequent note.

➤ **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.

**TALLAHASSEE CLASSICAL SCHOOL, INC.**  
**A Charter School and Component Unit of the District School Board of Leon County, Florida**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2021**

➤ **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.”

*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.

**TALLAHASSEE CLASSICAL SCHOOL, INC.**  
**A Charter School and Component Unit of the District School Board of Leon County, Florida**

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

➤ **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.

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, multiplies 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 was paid on the projected FTE enrollment per the Florida DOE Emergency Order No. 2020-EO-07. The School reported 508 unweighted and 543.712 weighted FTE.

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:

**TALLAHASSEE CLASSICAL SCHOOL, INC.**  
**A Charter School and Component Unit of the District School Board of Leon County, Florida**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2021**

- 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.

➤ **Income Tax**

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

➤ **Use of Estimates**

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

➤ **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.

**TALLAHASSEE CLASSICAL SCHOOL, INC.**  
**A Charter School and Component Unit of the District School Board of Leon 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. Deposits on hand at financial institutions are insured by the Federal Deposit Insurance Company (FDIC) up to \$250,000. As of June 30, 2021, the School was exposed to custodial credit risk. One of the School’s bank accounts exceeded the FDIC insurance limit by \$608,243.

**3. CHANGES IN CAPITAL ASSETS**

Changes in capital assets are presented in the table below:

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Governmental Activities:</u>				
Land	\$ 870,000	\$ -	\$ -	\$ 870,000
Construction in Progress	7,566,079	(7,566,079)		-
Buildings & Fixed Equipment	-	11,348,093		11,348,093
Improvements Other Than Buildings	9,250	86,256		95,506
Furniture, Fixtures and Equipment	-	24,989		23,183
Total Capital Assets	<u>8,445,329</u>	<u>3,893,259</u>	<u>-</u>	<u>12,336,782</u>
Less Accumulated Depreciation for:				
Buildings & Fixed Equipment	-	(290,977)		(290,977)
Improvements Other Than Buildings	-	(5,950)		(5,950)
Furniture, Fixtures and Equipment	-	(4,580)		(4,580)
Total Accumulated Depreciation	<u>-</u>	<u>(301,507)</u>	<u>-</u>	<u>(301,507)</u>
Governmental Activities Capital Assets, net	<u>\$ 8,445,329</u>	<u>\$ 3,591,752</u>	<u>\$ -</u>	<u>\$ 12,035,275</u>

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

**TALLAHASSEE CLASSICAL SCHOOL, INC.**  
**A Charter School and Component Unit of the District School Board of Leon County, Florida**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**4. NOTES PAYABLE**

	Balance at 6-30-21
CLI Capital	
<p>The School converted its construction loan to a variable rate loan totaling \$12,900,000 from CLI Capital in December 2019 for the purchase of the school site and the construction of its educational facility. The Loan, which was in the form of a Note, matures on December 31, 2021, and bears an initial interest at a rate of 6.5% per annum. Interest rate can vary from a floor of 6.5% to a ceiling of 10% based on Wall Street Journal Prime rate plus 2.5%. Payments are due on a monthly basis of approximately \$91,838 commencing January 1, 2021.</p>	\$ 12,571,399
Small Business Administration	
<p>SBA Economic Injury Disaster Loan \$52,800 dated June 14, 2020; matures on June 14, 2050; interest of 2.75% per annum. Interest accrues from loan date to first payment date. Principal and interest payments begin June 14, 2021. In the event of default, the SBA may require immediate payment of all amounts owed under this note, file suit and obtain judgement, or take possession of any collateral.</p>	52,800
Total Notes Payable	\$ 12,624,199

Annual requirements to amortize notes outstanding as of June 30, 2021, are as follows:

Fiscal Year Ending June 30	Total	Principal	Interest
2022	\$ 12,979,957	\$ 12,571,399	\$ 408,558
2023	2,712	1,273	1,439
2024	2,712	1,311	1,401
2025	2,712	1,348	1,364
2026	2,712	1,386	1,326
2027-2031	13,560	7,528	6,032
2032-2036	13,560	8,637	4,923
2037-2041	13,560	9,908	3,652
2042-2046	13,560	11,367	2,193
2047-2050	10,603	10,042	561
Total	\$ 13,055,648	\$ 12,624,199	\$ 431,449



**TALLAHASSEE CLASSICAL SCHOOL, INC.**  
**A Charter School and Component Unit of the District School Board of Leon County, Florida**

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**5. 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:					
Notes Payable	\$8,966,117	\$3,792,434	\$(134,352)	\$12,624,199	\$12,571,399
Total Governmental Activities	<u>\$8,966,117</u>	<u>\$3,792,434</u>	<u>\$(134,352)</u>	<u>\$12,624,199</u>	<u>\$12,571,399</u>

**6. SCHEDULE OF STATE REVENUE SOURCES**

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

Source	Amount
Florida Education Finance Program	\$3,101,366
Categorical Programs:	
Class Size Reduction	600,740
Total State Revenue	<u>\$3,702,106</u>

As provided in the charter school contract, the District has charged the School an administrative fee totaling \$85,762.

**7. INTERFUND TRANSFERS**

The School's Special Revenue Fund transferred \$16,233 to General Fund to provide financial support for the Food Service Program's costs of operation and maintenance including utility costs among other costs incurred by the General Fund. The amount of interfund transfers are netted together and not reported in the statement of activities.

**8. FUNDING AND CREDIT 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.

**9. RISK MANAGEMENT PROGRAMS**

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

**TALLAHASSEE CLASSICAL SCHOOL, INC.**  
**A Charter School and Component Unit of the District School Board of Leon County, Florida**

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**10. PENSION PLAN**

The School participates in a defined contribution tax sheltered annuity SIMPLE plan under IRS regulation Section 408(p) plan. Eligible employees are allowed to contribute to the plan and the School is obligated to match the employee's contribution up to 3 percent of their annual salary. 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 rate of contribution can be changed annually by the School's Board of Directors.

**11. 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.

**12. LEGAL MATTERS**

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

**TALLAHASSEE CLASSICAL SCHOOL, INC.**  
**A CHARTER SCHOOL AND COMPONENT UNIT OF THE**  
**DISTRICT SCHOOL BOARD OF LEON COUNTY, FLORIDA**

**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND & MAJOR 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)
<b>Revenues:</b>								
Intergovernmental:								
Federal Through State and Local	\$ -	\$ -	\$ -	\$ -	\$ 906,492	\$ 877,819	\$ 877,819	\$ -
State	3,486,793	3,702,106	3,702,106	-	-	-	-	-
Local and Other	4,000	77,401	77,401	-	154,640	8,748	8,748	-
Total Revenues	<u>3,490,793</u>	<u>3,779,507</u>	<u>3,779,507</u>	<u>-</u>	<u>1,061,132</u>	<u>886,567</u>	<u>886,567</u>	<u>-</u>
<b>Expenditures:</b>								
Current - Education:								
Instruction	1,624,470	1,700,683	1,700,683	-	600,623	510,853	510,853	-
Instructional Staff Training	29,906	21,753	21,753	-	-	13,574	13,574	-
Board	5,716	18,634	18,634	-	11,157	-	-	-
School Administration	412,310	522,351	522,351	-	92,368	16,718	16,718	-
Facilities Acquisition & Construction	440,076	3,975	3,975	-	104,698	-	-	-
Fiscal Services	9,183	16,273	16,273	-	-	-	-	-
Food Services	-	-	-	-	173,601	144,984	144,984	-
Central Services	154,933	143,950	143,950	-	-	-	-	-
Operation of Plant	300,717	328,780	328,780	-	30,660	92,946	92,946	-
Maintenance of Plant	4,500	1,148	1,148	-	-	-	-	-
Administrative Technology Services	12,510	11,468	11,468	-	-	-	-	-
Community Service	4,250	-	-	-	-	-	-	-
Fixed Capital Outlay:								
Facilities Acquisition & Construction	-	3,800,193	3,800,193	-	-	68,077	68,077	-
Other Capital Outlay	-	-	-	-	45,634	23,182	23,182	-
Debt Service:								
Principal	-	134,352	134,352	-	-	-	-	-
Interest	4,226	420,236	420,236	-	-	-	-	-
Total Expenditures	<u>3,002,797</u>	<u>7,123,796</u>	<u>7,123,796</u>	<u>-</u>	<u>1,061,132</u>	<u>870,334</u>	<u>870,334</u>	<u>-</u>
Excess (Deficiency) of Revenues								
Over Expenditures	<u>487,996</u>	<u>(3,344,289)</u>	<u>(3,344,289)</u>	<u>-</u>	<u>-</u>	<u>16,233</u>	<u>16,233</u>	<u>-</u>
Other Financing Sources (Uses):								
Proceeds from Debt	-	3,792,434	3,792,434	-	-	-	-	-
Transfers In/(Out)	-	16,233	16,233	-	-	(16,233)	(16,233)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>3,808,667</u>	<u>3,808,667</u>	<u>-</u>	<u>-</u>	<u>(16,233)</u>	<u>(16,233)</u>	<u>-</u>
Net Change in Fund Balances	487,996	464,378	464,378	-	-	-	-	-
Fund Balances, July 1, 2020	355,669	355,669	355,669	-	-	-	-	-
Fund Balances, June 30, 2021	<u>\$ 843,665</u>	<u>\$ 820,047</u>	<u>\$ 820,047</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Independent Auditor's Report

**TALLAHASSEE CLASSICAL SCHOOL, INC.**  
**A Charter School and Component Unit of the District School Board of Leon 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.

**TALLAHASSEE CLASSICAL SCHOOL, INC.**  
**A CHARTER SCHOOL AND COMPONENT UNIT OF THE**  
**DISTRICT SCHOOL BOARD OF LEON COUNTY, FLORIDA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
*For the Fiscal Year Ended June 30, 2021*

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Pass - Through Grantor Number	Amount of Expenditures
<b>Clustered</b>			
<b>Child Nutrition Cluster:</b>			
United States Department of Agriculture:			
Florida Department of Agriculture and Consumer Services:			
School Breakfast Program	10.553	20002	\$ 22,486
National School Lunch Program	10.555	20001	129,983
<b>Total Child Nutrition Cluster</b>			<u>152,469</u>
<b>Not Clustered</b>			
<b>United States Department of Education:</b>			
Leon County District School Board:			
Special Education - Grants to States	84.027	262	26,128
Charter Schools	84.282	298	563,866
Supporting Effective Instruction State Grants	84.367	224	13,446
Education Stabilization Fund:	84.425		
Governor's Emergency Education Relief Fund	COVID-19, 84.425C	123	7,686
Elementary and Secondary School Emergency Relief Fund	COVID-19, 84.425D	123	114,224
Total Education Stabilization Fund Cluster	84.425		<u>121,910</u>
<b>Total United States Department of Education</b>			<u>725,350</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 877,819</u>

See Independent Auditor's Report.

**TALLAHASSEE CLASSICAL SCHOOL, INC.**  
**A Charter School and Component Unit of the District School Board of Leon County, Florida**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**2 CFR 200.510(B)(6)**

**June 30, 2021**

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the School under programs of the federal government for the year ended June 30, 2021. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The School has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.



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

To the Board of Directors of the Tallahassee Classical School, Inc.  
a Charter School and Component Unit of the  
District School Board of Leon 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 Tallahassee Classical School, Inc. ("School"), a charter school and component unit of the District School Board of Leon 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 September 1, 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.

September 1, 2021  
Tampa, Florida





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**Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance**

To the Board of Directors of the Tallahassee Classical School, Inc.  
a Charter School and Component Unit of the  
District School Board of Leon County, Florida

**Report on Compliance for Each Major Federal Program**

We have audited The Tallahassee Classical School, Inc.'s ("School") compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of the School's major federal programs for the fiscal year ended June 30, 2021. The School's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the School's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the School's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, the School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

### **Report on Internal Control Over Compliance**

Management of the School is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School's internal control over compliance with requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow managements or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control over compliance 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 compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,



September 1, 2021  
Tampa, Florida

**TALLAHASSEE CLASSICAL SCHOOL, INC.**  
**A CHARTER SCHOOL AND COMPONENT UNIT OF THE**  
**DISTRICT SCHOOL BOARD OF LEON COUNTY, FLORIDA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**TITLE 2 U.S. CODE OF FEDERAL REGULATIONS PART 200**  
*June 30, 2021*

As required by Title 2 U.S. code of Federal Regulations Section 200.515. the following is a summary of the results of the audit of the Tallahassee Classical School, Inc. for the fiscal year ended June 30, 2021:

**Section I- SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal Control Over Financial Reporting:  
 Material weakness identified? No  
 Significant Deficiencies identified? None reported.

Noncompliance material to financial statements noted? No

**Federal Awards**

Internal control over major Federal program:  
 Material weakness identified? No  
 Significant deficiency identified? None reported.

Type of auditor's report issued on compliance for the major Federal program? Unmodified

Any audit findings disclosed that are required to be reported under 2 CFR Section 200.516(a)? No

Identification of major Federal program:  
 CFDA Number: Name of Federal Program or Cluster:  
 84.282 Charter Schools

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? No

**Section II - FINANCIAL STATEMENT FINDINGS**

No matters were reported.

**Section III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

No matters were reported.

**Section IV - STATUS OF PRIOR YEAR FINDINGS**

No matters were reported.

See Independent Auditor's Report.



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**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 Tallahassee Classical School, Inc.  
a Charter School and Component Unit of the  
District School Board of Leon County, Florida

**Report on the Financial Statements**

We have audited the financial statements of the Tallahassee Classical School, Inc. (“School”), a Charter School and Component Unit of the District School Board of Leon County, Florida, as of and for the fiscal year ended June 30, 2021, and have issued our report thereon dated September 1, 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; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”); 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*, independent auditor’s report on compliance for each major federal program and report on internal control over compliance, and schedule of findings and questioned costs. Disclosures in those reports and schedule, which are dated September 1, 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. Since this was the initial audit of the School 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 Tallahassee Classical School, 371451.

### **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 Leon County, Florida and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,



September 1, 2021  
Tampa, Florida