

**THE SCHOOL OF ARTS AND SCIENCES ON  
THOMASVILLE ROAD**

**(A CHARTER SCHOOL UNDER THE SCHOOL OF ARTS  
AND SCIENCES FOUNDATION, INC. AND  
COMPONENT UNIT OF LEON COUNTY SCHOOL  
DISTRICT)**

**FINANCIAL STATEMENTS**

**JUNE 30, 2021**

**THE SCHOOL OF ARTS AND SCIENCES  
ON THOMASVILLE ROAD  
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JUNE 30, 2021**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors,  
The School of Arts and Sciences Foundation, Inc.

### **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 The School of Arts and Sciences on Thomasville Road (a charter school under The School of Arts and Sciences Foundation, Inc. and a component unit of the 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 of Arts and Sciences on Thomasville Road's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

The School of Arts and Sciences on Thomasville Road's 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.

### ***Auditors' Responsibility***

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

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

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

## ***Opinions***

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

## **Emphasis of Matter**

As described in Note 1, the accompanying financial statements referred to above present only the financial position of The School of Arts and Sciences on Thomasville Road 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 The School of Arts and Sciences Foundation, Inc. These financial statements do not purport to and do not present fairly the financial position of The School of Arts and Sciences Foundation, Inc. as of June 30, 2021 and its changes in financial position of the year then ended in conformity with accounting principles generally accepted in the United States of America.

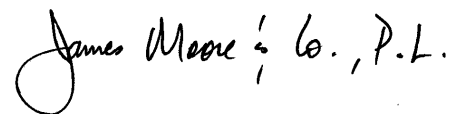
## ***Other Matters***

### *Required Supplementary Information*

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated August 10, 2021, on our consideration of The School of Arts and Sciences on Thomasville Road'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 of Arts and Sciences on Thomasville Road's internal control over financial reporting and compliance.



Tallahassee, Florida  
August 10, 2021

**THE SCHOOL OF ARTS AND SCIENCES ON  
THOMASVILLE ROAD  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2021**

As management of The School of Arts and Sciences on Thomasville Road, we offer readers of The School of Arts and Sciences on Thomasville Road's financial statements this narrative overview and analysis of the financial activities of The School of Arts and Sciences on Thomasville Road for the fiscal year ended June 30, 2021.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to The School of Arts and Sciences on Thomasville Road's basic financial statements. The School of Arts and Sciences on Thomasville Road's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of The School of Arts and Sciences on Thomasville Road's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of The School of Arts and Sciences on Thomasville Road's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of The School of Arts and Sciences on Thomasville Road is improving or deteriorating.

The *statement of activities* presents information showing how The School of Arts and Sciences on Thomasville Road's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish various functions of The School of Arts and Sciences on Thomasville Road. The governmental activities of The School of Arts and Sciences on Thomasville Road include instruction and instruction related services, school administration, fiscal services, food services, pupil transportation services, board, central services, facility acquisition, community service, debt service, operation of plant, and maintenance of plant.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School of Arts and Sciences on Thomasville Road, like other charter schools, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of The School of Arts and Sciences on Thomasville Road are governmental funds.

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

**THE SCHOOL OF ARTS AND SCIENCES ON  
THOMASVILLE ROAD  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2021**

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

The School of Arts and Sciences on Thomasville Road maintains four governmental funds. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, capital project fund, and special revenue funds, of which three are considered to be major funds.

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

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning The School of Arts and Sciences on Thomasville Road's budgetary information and pension information.

#### **Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a school's financial position. In the case of The School of Arts and Sciences on Thomasville Road, assets exceeded liabilities by \$1,541,978 at the close of the most recent fiscal year. This balance in the most recent fiscal year reflects its investment in capital assets (e.g., buildings, furniture, fixtures, equipment and software), less any related debt used to acquire those assets. The School of Arts and Sciences on Thomasville Road uses these capital assets to provide services to students. Accordingly, these assets are not available for future spending. Although The School of Arts and Sciences on Thomasville Road's investment in its capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**THE SCHOOL OF ARTS AND SCIENCES ON  
THOMASVILLE ROAD  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2021**

**Net Position**

**The School of Arts and Sciences on Thomasville Road's Net Position**

	<b>2021</b>	<b>2020</b>
<b>ASSETS</b>		
Current and other assets	\$ 1,309,428	\$ 983,378
Capital assets	5,539,093	5,643,770
Total assets	\$ 6,848,521	\$ 6,627,148
 Deferred outflows of resources	 \$ 999,045	 \$ 1,013,264
<b>LIABILITIES</b>		
Current and other liabilities	\$ 183,809	\$ 318,200
Long-term liabilities	6,078,137	5,811,619
Total liabilities	\$ 6,261,946	\$ 6,129,819
 Deferred inflows of resources	 \$ 43,642	 \$ 133,316
<b>NET POSITION</b>		
Net investment in capital assets	\$ 1,642,338	\$ 1,605,839
Restricted for:		
Capital outlay	-	19,162
Activities	75,297	-
Unrestricted	(175,657)	(247,724)
Total net position	\$ 1,541,978	\$ 1,377,277

**Governmental activities.** During the current fiscal year, net position for governmental activities increased \$89,404 from the prior fiscal year for an ending net position of \$1,541,978.

- The key element of the increase was additional revenues related to increase in FEFP base funding.

**THE SCHOOL OF ARTS AND SCIENCES ON  
THOMASVILLE ROAD  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2021**

**The School of Arts and Sciences on Thomasville Road's Changes in Net Position**

	<u>2021</u>	<u>2020</u>
<b>REVENUES</b>		
Program revenues:		
Charges for services	\$ 75,771	\$ 163,485
Operating grants and contributions	630,824	111,786
Capital grants and contributions	232,898	230,321
General revenues:		
Leon County School District	3,139,107	3,201,261
Contributions and miscellaneous	97,575	137,356
Total revenues	<u>4,176,175</u>	<u>3,844,209</u>
<b>EXPENSES</b>		
Instruction	2,918,518	2,683,083
Instruction and curriculum development	35,748	24,728
Instructional staff training	794	1,000
Board	28,011	27,751
School administration	445,306	408,184
Facility acquisition and construction	1,282	-
Fiscal services	20,314	17,926
Food services	2,952	11,598
Pupil transportation services	112,244	119,251
Operation of plant	205,058	161,969
Central services	35,545	35,069
Maintenance of plant	50,940	89,559
Community service	70,491	187,018
Debt service	159,568	177,922
Loss on disposal of assets	-	13,718
Total expenses	<u>4,086,771</u>	<u>3,958,776</u>
Change in net position	89,404	(114,567)
Net position, beginning of year	1,377,277	1,491,844
Restatement of net position	75,297	-
Net position, end of year	<u>\$ 1,541,978</u>	<u>\$ 1,377,277</u>



**THE SCHOOL OF ARTS AND SCIENCES ON  
THOMASVILLE ROAD  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2021**

**Financial Analysis of the Government's Funds**

As noted earlier, The School of Arts and Sciences on Thomasville Road uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of The School of Arts and Sciences on Thomasville Road's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing The School of Arts and Sciences on Thomasville Road's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a school's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, The School of Arts and Sciences on Thomasville Road itself, or a group or individual that has been delegated authority to assign resources for use for a particular purposes by The School of Arts and Sciences on Thomasville Road's board.

At June 30, 2021, The School of Arts and Sciences on Thomasville Road's governmental funds reported combined fund balances of \$1,266,093, increase of \$347,031.

The general fund is the chief operating fund of The School of Arts and Sciences on Thomasville Road. As of the end of the current fiscal year, unassigned fund balance of the general fund was \$1,185,796, while total fund balance was \$1,190,796.

The fund balance of The School of Arts and Sciences on Thomasville Road's general fund increased by \$366,193 during the current fiscal year.

- The key element of the increase was an increase in FEFP revenues from the prior year which is determined by student enrollment.

The capital projects fund is used to account for financial resources to be used for education's capital outlay needs, including new construction and renovation. As of the end of the current fiscal year, the ending fund balance was \$-

Expenditures in the capital projects fund consisted primarily of debt service payments on the School building.

The cares act fund is used to account for the activities related to cares act grant activity which the grants are typically cost reimbursement in nature. There was no ending fund balance or change in fund balance at year end.

**THE SCHOOL OF ARTS AND SCIENCES ON  
THOMASVILLE ROAD  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2021**

**General Fund Budgetary Highlights**

*Original budget compared to final budget.* The major differences between the original budget and the final amended budget were due to the following:

- Additional revenues and expenses were included in the amended budget.

*Actual amounts compared to final budget.* The major differences between actual amounts and the final amended budget were due to the following:

- Actual amounts for revenues and expenses were less than budgeted.

**Cares Act Fund Budgetary Highlights**

*Original budget compared to final budget.*

The major differences between the original budget and the final amended budget were due to the following:

- There was no original budget as the funds were not anticipated during the budget process.

*Actual amounts compared to final budget.*

The major differences between actual amounts and the final amended budget were due to the following:

- Actual amounts for revenues and expenses were more than budgeted.

**Capital Asset Administration**

**Capital assets.** The School of Arts and Sciences on Thomasville Road's investment in capital assets for its governmental activities as of June 30, 2021, amounts to \$5,539,093 (net of accumulated depreciation). This investment in capital assets includes building, land, technology equipment, furniture, fixtures, equipment and vehicles.

Additional information on The School of Arts and Sciences on Thomasville Road's capital assets can be found in the Notes to Financial Statements as listed in the table of contents.

**Long-term Debt.** At the end of the current fiscal year, The School of Arts and Sciences on Thomasville Road had total debt outstanding of \$3,896,755 related to capital improvement debt and \$2,292,995 related to the net pension liability.

Additional information on The School of Arts and Sciences on Thomasville Road's long-term debt can be found in the Notes to Financial Statements as listed in the table of contents.

**THE SCHOOL OF ARTS AND SCIENCES ON  
THOMASVILLE ROAD  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2021**

**Economic Factors and Next Year's Budgets and Rates**

The following economic factors currently affect The School of Arts and Sciences on Thomasville Road and were considered in developing the 2021-2022 fiscal year budgets.

- Base Student Allocation for the fiscal year 2021-2022 is projected at \$4,373 compared to \$4,319 for 2020-2021.
- Enrollment for fiscal year 2021-2022 is projected to be 462 students compared to 446 students for fiscal year 2020-2021.

**Requests for Information**

This financial report is designed to provide a general overview of The School of Arts and Sciences on Thomasville Road's finances for all those with an interest in the school's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to The School of Arts and Sciences on Thomasville Road, 3208 Thomasville Road, Tallahassee, FL 32308.

**THE SCHOOL OF ARTS AND SCIENCES ON THOMASVILLE ROAD**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2021**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 810,127
Accounts receivable, net	153,195
Due from other agencies	341,106
Prepaid expenses	5,000
Land	590,436
Capital assets, being depreciated, net	4,948,657
Total assets	\$ 6,848,521
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to pensions	\$ 999,045
<b>LIABILITIES</b>	
Accounts payable and accrued expenses	\$ 38,305
Unearned revenue	5,030
Noncurrent liabilities:	
Due within one year	140,474
Due in more than one year	3,756,281
Compensated absences	28,861
Net pension liability	2,292,995
Total liabilities	\$ 6,261,946
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows related to pensions	\$ 43,642
<b>NET POSITION</b>	
Net investment in capital assets	\$ 1,642,338
Restricted for:	
Activities	75,297
Unrestricted	(175,657)
Total net position	\$ 1,541,978

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

**THE SCHOOL OF ARTS AND SCIENCES ON THOMASVILLE ROAD  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2021**

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
					Governmental Activities
Governmental activities:					
Instruction	\$ 2,918,518	\$ -	\$ 519,936	\$ -	\$ (2,398,582)
Instruction and curriculum development	35,748	-	22,488	-	(13,260)
Instructional staff training	794	-	-	-	(794)
Board	28,011	-	-	-	(28,011)
School administration	445,306	-	-	-	(445,306)
Facility acquisition and construction	1,282	-	-	232,898	231,616
Fiscal services	20,314	-	-	-	(20,314)
Food services	2,952	-	-	-	(2,952)
Pupil transportation services	112,244	-	88,400	-	(23,844)
Operation of plant	205,058	-	-	-	(205,058)
Central services	35,545	-	-	-	(35,545)
Maintenance of plant	50,940	-	-	-	(50,940)
Community service	70,491	75,771	-	-	5,280
Debt service	159,568	-	-	-	(159,568)
Total governmental activities	<u>\$ 4,086,771</u>	<u>\$ 75,771</u>	<u>\$ 630,824</u>	<u>\$ 232,898</u>	<u>(3,147,278)</u>
			General revenues:		
			Leon County School District		3,139,107
			Contributions not restricted		89,142
			Miscellaneous		6,019
			Investment earnings		2,414
			Change in net position		89,404
			<b>Net position</b> , beginning of year, as restated		1,452,574
			<b>Net position</b> , end of year		<u>\$ 1,541,978</u>

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

**THE SCHOOL OF ARTS AND SCIENCES ON THOMASVILLE ROAD  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2021**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Cares Act Fund</u>	<u>Other Governmental Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 741,657	\$ -	\$ -	\$ 68,470	\$ 810,127
Accounts receivable, net	152,995	200	-	-	153,195
Due from other agencies	-	73,383	267,723	-	341,106
Due from other funds	341,306	-	-	6,827	348,133
Prepaid items	5,000	-	-	-	5,000
Total Assets	<u>\$ 1,240,958</u>	<u>\$ 73,583</u>	<u>\$ 267,723</u>	<u>\$ 75,297</u>	<u>\$ 1,657,561</u>
<b>LIABILITIES AND FUND BALANCE</b>					
Liabilities:					
Accounts payable and accrued expenses	\$ 38,305	\$ -	\$ -	\$ -	\$ 38,305
Due to other funds	6,827	73,583	267,723	-	348,133
Unearned revenue	5,030	-	-	-	5,030
Total liabilities	<u>50,162</u>	<u>73,583</u>	<u>267,723</u>	<u>-</u>	<u>391,468</u>
Fund Balances:					
Nonspendable - prepaid items	5,000	-	-	-	5,000
Restricted:					
Activities	-	-	-	75,297	75,297
Unassigned	1,185,796	-	-	-	1,185,796
Total fund balance	<u>1,190,796</u>	<u>-</u>	<u>-</u>	<u>75,297</u>	<u>1,266,093</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 1,240,958</u>	<u>\$ 73,583</u>	<u>\$ 267,723</u>	<u>\$ 75,297</u>	<u>\$ 1,657,561</u>

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

**THE SCHOOL OF ARTS AND SCIENCES ON THOMASVILLE ROAD  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021**

	<b>General Fund</b>	<b>Capital Projects Fund</b>	<b>Cares Act Fund</b>	<b>Other Governmental Fund</b>	<b>Total Governmental Funds</b>
<b>Revenues</b>					
Intergovernmental					
Florida education finance program	\$ 3,227,507	\$ -	\$ -	\$ -	\$ 3,227,507
Capital outlay funds	-	232,898	-	-	232,898
Federal through local	70,976	-	375,072	-	446,048
State	96,376	-	-	-	96,376
Local	173,346	-	-	-	173,346
Total revenues	<u>3,568,205</u>	<u>232,898</u>	<u>375,072</u>	<u>-</u>	<u>4,176,175</u>
<b>Expenditures</b>					
Instruction	2,168,972	-	375,072	-	2,544,044
Instruction and curriculum development	35,748	-	-	-	35,748
Instructional staff training	794	-	-	-	794
Board	28,411	-	-	-	28,411
School administration	397,961	-	-	-	397,961
Fiscal services	20,314	-	-	-	20,314
Food services	2,952	-	-	-	2,952
Pupil transportation services	107,999	-	-	-	107,999
Operation of plant	200,568	-	-	-	200,568
Central services	35,545	-	-	-	35,545
Maintenance of plant	50,940	-	-	-	50,940
Community service	62,705	-	-	-	62,705
Capital outlay	-	40,419	-	-	40,419
Debt service:					
Principal	-	141,176	-	-	141,176
Interest	-	159,568	-	-	159,568
Total expenditures	<u>3,112,909</u>	<u>341,163</u>	<u>375,072</u>	<u>-</u>	<u>3,829,144</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>455,296</u>	<u>(108,265)</u>	<u>-</u>	<u>-</u>	<u>347,031</u>
<b>Other financing sources (uses)</b>					
Transfers in	-	89,103	-	-	89,103
Transfers out	(89,103)	-	-	-	(89,103)
Total other financing sources (uses)	<u>(89,103)</u>	<u>89,103</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>366,193</u>	<u>(19,162)</u>	<u>-</u>	<u>-</u>	<u>347,031</u>
<b>Fund balances, beginning of year, as restated</b>	824,603	19,162	-	75,297	919,062
<b>Fund balances, end of year</b>	<u>\$ 1,190,796</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 75,297</u>	<u>\$ 1,266,093</u>

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

**THE SCHOOL OF ARTS AND SCIENCES ON THOMASVILLE ROAD  
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2021**

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

<b>Fund balances - total governmental funds</b>	<b>\$ 1,266,093</b>
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Long-term liabilities, including notes payable and compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.

Compensated absences	\$ (28,861)	
Note payable	<u>(3,896,755)</u>	(3,925,616)

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	5,539,093
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Net pension liability and related deferred inflows/outflows are not due and payable in the current period and, therefore, are not reported in the funds.

Deferred outflows related to pensions	\$ 999,045	
Net pension liability	(2,292,995)	
Deferred inflows related to pensions	<u>(43,642)</u>	(1,337,592)

<b>Net position of governmental activities</b>	<b><u><u>\$ 1,541,978</u></u></b>
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The accompanying notes to financial statements  
are an integral part of this statement.



**THE SCHOOL OF ARTS AND SCIENCES ON THOMASVILLE ROAD  
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL  
FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2021**

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

**Net change in fund balances-total governmental funds** \$ 347,031

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current period.

Capital outlays	\$ 39,137	
Depreciation expense	(143,814)	
		(104,677)

The repayment of the principal of long-term debt consumes current financial resources of the governmental funds. The issuance of debt provides financial resources for current and long term use. This is the amount by which debt payments exceeded debt proceeds in the current period. 141,176

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. Changes in:

Compensated absences	\$ (3,147)	
Net pension liability	(366,434)	
Deferred outflows related to net pension liability	(14,219)	
Deferred inflows related to net pension liability	89,674	
		(294,126)

**Change in net position of governmental activities** \$ 89,404

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

**THE SCHOOL OF ARTS AND SCIENCES ON  
THOMASVILLE ROAD  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**(1) Summary of Significant Accounting Policies:**

The following is a summary of the more significant accounting policies of The School of Arts and Sciences on Thomasville Road (the "School"), which affect significant elements of the accompanying basic financial statements:

(a) **Reporting entity**—The School entered into a contract with the School Board of Leon County, Florida ("Sponsor") to provide an educational program for elementary and middle school students in grades kindergarten through eighth. The School receives a majority of its funding through the Sponsor based on a formula of student attendance which is identical to that of other Leon County, Florida public elementary and middle schools. The current charter is effective through June 30, 2026, and may be renewed based on academic performance, by mutual agreement between the School and the Sponsor. At the end of the term of the charter, the Sponsor may choose not to renew the charter under grounds specified in the charter, in which case the Sponsor 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 Sponsor may also terminate the charter if good cause is shown. The School is considered a component unit of the School Board of Leon County, Florida.

The accompanying financial statements referred to above are intended to present the basic financial statements and related notes of only that portion of The School of Arts and Sciences Foundation, Inc. that is attributable to the transactions of The School of Arts and Sciences on Thomasville Road and is not intended to, be a complete presentation of the basic financial statements and related notes of The School of Arts and Sciences Foundation, Inc., as of June 30, 2021, and for the year then ended in conformity with accounting principles generally accepted in the United States of America.

(b) **Description of government wide financial statements**—The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. Governmental activities, are normally supported by intergovernmental revenues, and other nonexchange transactions.

(c) **Basis of presentation – government wide financial statements**—While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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

**THE SCHOOL OF ARTS AND SCIENCES ON  
THOMASVILLE ROAD  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

(1) **Summary of Significant Accounting Policies:** (Continued)

(e) **Basis of presentation – fund financial statements**—The fund financial statements provide information about the government’s funds. Separate statement for the fund category, governmental, is presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. Major individual governmental funds are reported as separate columns in the fund financial statements.

The School reports the following major governmental funds:

**General Fund**—The general fund is used to record the general operations of the School pertaining to education and those operations not provided for in other funds.

**Capital Projects Fund**—The capital projects fund is used to account for financial resources to be used for educational capital outlay needs, including new construction, renovation and remodeling projects, and major maintenance projects.

**Cares Act Fund**— The cares act fund is used to account for the activities related to grant activities related to the cares act which are typically cost reimbursement.

During the course of operations the School has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

(f) **Deferred outflows/inflows of resources**—In addition to assets and liabilities, the statement of financial position will, if required, report a separate section for deferred outflows of resources and deferred inflows of resources, respectfully. These separate financial statement elements, deferred outflows/inflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow/inflow of resources (expense/expenditure or revenue) until then. Currently, the only item in this category consisted of deferred amounts related to pension, as discussed further in Note 7.

**THE SCHOOL OF ARTS AND SCIENCES ON  
THOMASVILLE ROAD  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

(1) **Summary of Significant Accounting Policies:** (Continued)

(g) **Measurement focus and basis of accounting**—The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows. Amounts reported as program revenues include charges for services, operating grants and contributions, and capital grants and contributions. Items not properly included among program revenues, such as monies received from the Leon County School Board, are reported as general revenues.

All governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues, except for certain grant revenues, are recognized in the accounting period in which they become both measurable and available. Available means collectible within the current period, or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the School considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for Federal, state, and other grant resources, revenue is recognized at the time the expenditure is made. Under the modified accrual basis of accounting, expenditures are generally recorded when the related fund liability is incurred. The principal exceptions to this are: principal and interest on general long-term debt, which are recorded as expenditures only when payment is due.

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

Resources are allocated to and accounted for in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled.

(h) **Budgetary information**—The budgetary process is prescribed by provisions of the laws of Florida and requires the governing board to adopt an operating budget each year. The School's governing board satisfied these requirements. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenues and expenditures primarily resulting from events unknown at the time of budget adoption.

The amounts reported as the original budgeted amounts in the budgetary statements reflect anticipated revenue and expense amounts at the time the budget was adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for.

(i) **Deposits and investments**—Cash and cash equivalents include amounts in demand deposits as well as investments that are readily convertible to known amounts of cash. Investments with original maturities of three months or less are considered to be cash equivalents.

**THE SCHOOL OF ARTS AND SCIENCES ON  
THOMASVILLE ROAD  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

(1) **Summary of Significant Accounting Policies:** (Continued)

(j) **Prepaid items**—Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

(k) **Capital assets**—Capital assets are defined by the School as assets with an initial individual cost of at least \$1,000 and an estimated useful life of more than one year. Such assets are recorded at historical cost. Donated capital assets are recorded at their estimated fair market values at the date of donation. The cost of normal maintenance and repairs that does not add to the value of the asset or materially extend the asset’s life is not capitalized.

Property, plant and equipment of the School is depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Land improvements	8–35
Buildings and improvements	10–50
Leasehold improvements	7–20
Furniture, fixtures, and equipment	3–10
Computer software	3–5

(l) **Long-term obligations**—In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities fund type statement of net position.

(m) **Net position flow assumption**—Sometimes the School will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the School’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

(n) **Pensions**—For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Florida Retirement System (FRS) and additions to/deductions from FRS have been determined on the same basis as they are reported by FRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**THE SCHOOL OF ARTS AND SCIENCES ON  
THOMASVILLE ROAD  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

(1) **Summary of Significant Accounting Policies:** (Continued)

(o) **Fund balance flow assumptions**—Sometimes the School will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the School’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

(p) **Fund balance policies**—Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School’s highest level of decision-making authority. The School Board is the highest level of decision making authority for the School that can, by passing a motion prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the School for specific purposes but do not meet the criteria to be classified as committed. The School Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

(2) **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. At year end, the carrying amount of the School’s deposits was \$810,127 and the bank balance was \$741,756. Of the bank balance, \$250,000 was covered by Federal depository insurance or by collateral held by the School’s custodial bank which is pledged to a state trust fund that provides security for amounts held in excess of FDIC coverage in accordance with the Florida Security for Deposits Act Chapter 280, Florida Statutes.

The Florida Security for Public Deposits Act established guidelines for qualification and participation by banks and savings associations, procedures for the administration of the collateral requirements and characteristics of eligible collateral.

The carrying amount of deposits consisted of the following as of June 30, 2021:

Cash and cash equivalents	<u>\$ 810,127</u>
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**THE SCHOOL OF ARTS AND SCIENCES ON  
THOMASVILLE ROAD  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**(3) Capital Assets:**

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 590,436	\$ -	\$ -	\$ 590,436
Capital assets, being depreciated:				
Land Improvements	169,822	6,500	(225)	176,097
Building and Improvements	5,930,537	24,122	(2,424)	5,952,235
Furniture, fixture and equipment	242,618	8,515	(9,794)	241,339
Audio-visual materials	10,898	-	-	10,898
Total capital assets, being depreciated	<u>6,353,875</u>	<u>39,137</u>	<u>(12,443)</u>	<u>6,380,569</u>
Less accumulated depreciation for:				
Land improvements	(68,907)	(10,568)	-	(79,475)
Building and improvements	(1,008,569)	(124,314)	2,407	(1,130,476)
Furniture, fixture and equipment	(216,114)	(7,132)	10,036	(213,210)
Audio-visual materials	(6,951)	(1,800)	-	(8,751)
Total accumulation depreciation	<u>(1,300,541)</u>	<u>(143,814)</u>	<u>12,443</u>	<u>(1,431,912)</u>
Capital assets, net	<u>\$ 5,643,770</u>	<u>\$ (104,677)</u>	<u>\$ -</u>	<u>\$ 5,539,093</u>

Depreciation expense of \$143,814 was charged to instruction.

**THE SCHOOL OF ARTS AND SCIENCES ON  
THOMASVILLE ROAD  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

(4) **Long-term debt:**

*Governmental Activities*

3.75% note payable to be repaid over the ten-year term through November 18, 2030 based on equal monthly payments of \$23,681, following a twenty-year amortization, with the remaining unpaid principal and interest being due at maturity date. Secured by mortgage on property.	\$ 3,896,755
Less: Current portion	140,474
Notes payable, less current portion	\$ 3,756,281

Maturities of notes payable are as follows:

Year Ending June 30,	Principal	Interest
2022	\$ 140,474	\$ 143,699
2023	145,833	138,339
2024	151,396	132,776
2025	157,172	127,000
2026	163,169	121,003
2027-2031	3,138,711	456,656
Total	\$ 3,896,755	\$ 1,119,473

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due within one year
Governmental activities:					
Note payable	\$ 4,037,931	\$ 3,975,473	\$ 4,116,649	\$ 3,896,755	\$ 140,474
Compensated absences	25,714	3,147	-	28,861	-
	\$ 4,063,645	\$ 3,978,620	\$ 4,116,649	\$ 3,925,616	\$ 140,474

(5) **Significant Funding Source:**

The School receives a substantial amount of its funding from the Leon County School Board. A significant reduction in the level of this funding, if this were to occur, could have an adverse effect on the School's programs and activities.



**THE SCHOOL OF ARTS AND SCIENCES ON  
THOMASVILLE ROAD  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**(6) Risk Management:**

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Loss mitigation is provided through purchased commercial insurance. Settled claims resulting from insurance coverage above have not exceeded purchased insurance coverage for the past three fiscal years.

**(7) Florida Retirement System:**

**Plan Description and Administration**

The School participates in the Florida Retirement System (FRS), a multiple-employer, cost sharing defined public employee retirement system which covers all of the School's full-time employees. The System is a noncontributory retirement plan, administered by the State of Florida, Department of Administration, Division of Retirement to provide retirement and survivor benefits to participating public employees. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. The FRS is a single retirement system administered by the Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer retirement plans and other nonintegrated programs. These include a defined-benefit pension plan (Plan), with a Deferred Retirement Option Program (DROP), and a defined-contribution plan, referred to as the FRS Investment Plan (Investment Plan).

In addition, all regular employees of the School are eligible to enroll as members of the Retiree Health Insurance Subsidy (HIS) Program. The HIS is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. Eligible retirees and beneficiaries receive a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under one of the state-administered retirement systems must provide proof of eligible health insurance coverage, which can include Medicare.

**THE SCHOOL OF ARTS AND SCIENCES ON  
THOMASVILLE ROAD  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

(7) **Florida Retirement System:** (Continued)

**Benefits Provided and Employees Covered**

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service. Members of both Plans may include up to four years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments. Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest.

Employees may elect to participate in the Investment Plan in lieu of the FRS defined-benefit plan. Employer and employee contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. The Investment Plan is funded by employer and employee contributions that are based on salary and membership class (Regular, DROP, etc.). Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Employees in the Investment Plan vest at one year of service.

**THE SCHOOL OF ARTS AND SCIENCES ON  
THOMASVILLE ROAD  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

(7) **Florida Retirement System:** (Continued)

**Financial Statements**

Financial statements and other supplementary information of the FRS are included in the State's Comprehensive Annual Financial Report, which is available from the Florida Department of Financial Services, Bureau of Financial Reporting Statewide Financial Reporting Section by mail at 200 E. Gaines Street, Tallahassee, Florida 32399-0364; by telephone at (850) 413-5511; or at the Department's Web site ([www.myfloridacfo.com](http://www.myfloridacfo.com)). An annual report on the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from:

Florida Department of Management Services  
Division of Retirement, Research and Education Services  
P.O. Box 9000  
Tallahassee, FL 32315-9000  
850-488-5706 or toll free at 877-377-1737

**Contributions**

The School participates in certain classes of FRS membership. Each class has descriptions and contribution rates in effect at June 30, 2020, as follows (contribution rates are in agreement with the actuarially determined rates):

<b>FRS Membership Plan &amp; Class</b>	<b>Through June 30, 2020</b>	<b>After June 30, 2020</b>
Regular Class	8.47%	10.00%
DROP	14.60%	16.98%
Senior Management	25.41%	27.29%

Current-year employer HIS contributions were made at a rate of 1.66% of covered payroll, included in the above rates.

Actual contributions made for School employees participating in FRS and HIS for the plan year ended June 30, 2021, were as follows:

School Contributions – FRS	\$ 120,017
School Contributions – HIS	34,331
Employee Contributions – FRS	62,044

**THE SCHOOL OF ARTS AND SCIENCES ON  
THOMASVILLE ROAD  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

(7) **Florida Retirement System:** (Continued)

**Net Pension Liability, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions**

At June 30, 2021, the School reported a net pension liability related to FRS and HIS as follows:

<u>Plan</u>	<u>Net Pension Liability</u>
FRS	\$ 1,565,579
HIS	727,416
Total	<u>\$ 2,292,995</u>

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer proportion of the net pension liability was based on a projection of the School's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, as actuarially determined. At June 30, 2021 and June 30, 2020, the School's proportionate share of the FRS and HIS net pension liabilities were as follows:

<u>Plan</u>	<u>2021</u>	<u>2020</u>
FRS	.00361220%	.003655060%
HIS	.00595762%	.005968450%

For the plan year ended June 30, 2020, pension expense was recognized related to the FRS and HIS plans as follows:

FRS	\$ 382,045
HIS	106,736
Total	<u>\$ 488,781</u>

**THE SCHOOL OF ARTS AND SCIENCES ON  
THOMASVILLE ROAD  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

(7) **Florida Retirement System:** (Continued)

*Deferred outflows/inflows related to pensions:*

At June 30, 2021, deferred outflows of resources and deferred inflows of resources related to pensions were recorded from the following sources:

	<u>FRS</u>		<u>HIS</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 59,918	\$ -	\$ 29,756	\$ (561)
Changes of assumptions	283,420	-	78,218	(42,297)
Net different between projected and actual investment earnings	93,216	-	581	-
Change in proportionate share	126,430	-	152,607	(784)
Contributions subsequent to measurement date	142,960	-	31,941	-
	<u>\$ 705,944</u>	<u>\$ -</u>	<u>\$ 293,103</u>	<u>\$ (43,642)</u>

The above amounts for deferred outflows of resources for contributions related to pensions resulting from employer contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions being amortized for a period of greater than one year will be recognized in pension expense in succeeding years as follows:

2022	\$ 207,220
2023	236,606
2024	176,991
2025	107,414
2026	39,218
Thereafter	13,055
Total	<u>\$ 780,504</u>

**THE SCHOOL OF ARTS AND SCIENCES ON  
THOMASVILLE ROAD  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

(7) **Florida Retirement System:** (Continued)

*Actuarial assumptions:*

The actuarial assumptions for both defined benefit plans are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. The FRS has a valuation performed annually. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS was completed in 2019 for the period July 1, 2013, through June 30, 2018. Because HIS is funded on a pay-as-you-go basis, no experience study has been completed.

The total pension liability for each of the defined benefit plans was determined by an actuarial valuation, using the entry age normal actuarial cost method. Inflation increases for both plans is assumed at 2.40%. Payroll growth, including inflation, for both plans is assumed at 3.25%. Both the discount rate and the long-term expected rate of return used for FRS investments is 6.80%. This rate decreased from the prior year rate, which was 6.90%. The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. Because HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 2.21% was used to determine the total pension for the program. This rate decreased from the prior year rate, which was 3.50%. Mortality assumptions for both plans were based on the PUB2010 base table varies by member category and sex, projected generationally with Scale MP-2018 details.

*Long-term expected rate of return:*

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in October 2020, the FRS Actuarial Assumptions conference reviewed long-term assumptions developed by both Milliman's capital market assumptions team and by a capital market assumptions team from Aon Hewitt Investment Consulting, which consults to the Florida State Board of Administration. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

**THE SCHOOL OF ARTS AND SCIENCES ON  
THOMASVILLE ROAD  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

(7) **Florida Retirement System:** (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Annual Arithmetic Expected Rate of Return</u>
Cash	1.0%	2.2%
Fixed income	19.0%	3.0%
Global equities	54.2.0%	8.0%
Real estate	10.3.0%	6.4%
Private equity	11.1.0%	10.8%
Strategic investments	4.4%	5.5%
Total	<u>100.0%</u>	

*Sensitivity of the net pension liability to changes in the discount rate:*

The following presents the proportionate shares of the FRS and HIS net pension liability of the School calculated using the current discount rates, as well as what the School's net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

<u>Plan</u>	<u>Current Discount Rate</u>	<u>NPL with 1% Decrease</u>	<u>NPL at Current Discount Rate</u>	<u>NPL with 1% Increase</u>
FRS	6.80%	\$ 2,499,967	\$ 1,565,579	\$ 785,174
HIS	2.21%	840,860	727,416	634,562

(8) **Contingent Liabilities:**

The School is currently involved in various litigation claims arising from operations of the School. It is the opinion of management that such litigation will not have a material financial impact on the financial statements to the School.

During the year ending June 30, 2021, local, U.S., and world governments have encouraged self-isolation to curtail the spread of the global pandemic, coronavirus disease (COVID-19), by mandating temporary work stoppage in many sectors and imposing limitations on travel and size and duration of group meetings. Most industries are experiencing disruption to business operations and the impact of reduced consumer spending. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and any government actions to mitigate them. Accordingly, while School management cannot quantify the financial and other impact to the School as of August 10, 2021, management believes that a material impact on the School's financial position and results of future operations is reasonably possible.

**THE SCHOOL OF ARTS AND SCIENCES ON  
THOMASVILLE ROAD  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**(9) Subsequent Events:**

The School has evaluated events and transactions for potential recognition or disclosure in the financial statements through August 10, 2021, the date which the financial statements were available to be issued. No subsequent events have been recognized or disclosed.

**(10) Interfund Balances and Transfers:**

The following is a summary of amounts reported in the governmental fund financial statements. Interfund loans were used rather than maintaining separate cash accounts for each fund or a pooled cash system:

<b>Receivable Fund</b>	<b>Payable Fund</b>	<b>Amount</b>
General Fund	Capital Project Fund	\$ 73,583
General Fund	Cares Act Fund	267,723
Special Revenue Fund	General Fund	6,827

Transfers from/to other funds for the year ended June 30, 2021, were as follows:

<b>Recipient Fund</b>	<b>Amount</b>
Capital Projects Fund	\$ 89,103

**(11) Recent Accounting Pronouncements:**

The Governmental Accounting Standards Board (“GASB”) has issued several pronouncements that have effective dates that may impact future financial statements. Listed below are pronouncements with required implementation dates effective for subsequent fiscal years that have not yet been implemented. Management has not currently determined what, if any, impact implementation of the following will have on the School’s financial statements:

GASB issued Statement No. 87, *Leases*, in June 2017. GASB 87 increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The provisions in GASB 87 are effective for periods beginning after June 15, 2021.



**THE SCHOOL OF ARTS AND SCIENCES ON  
THOMASVILLE ROAD  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

(12) **Restatement of Beginning Equity:**

The GASB issued Statement No. 84, Fiduciary Activities, in January 2017. GASB 84 improves guidance regarding the identification and reporting of fiduciary activities. For the year ended June 30, 2021, the School implemented Statement No. 84, which required certain activities that were previously reported as fiduciary activities now be reported as activities of the primary government as management has determined the School has administrative involvement of these funds. The impact of the restatement of beginning equities increased both total fund balance, net position, and cash by \$75,297.

**REQUIRED SUPPLEMENTARY INFORMATION**

**THE SCHOOL OF ARTS AND SCIENCES ON THOMASVILLE ROAD  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET TO ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental				
Florida education finance program	\$ 3,454,840	\$ 3,395,453	\$ 3,227,507	\$ (167,946)
Federal through local	16,500	83,208	70,976	(12,232)
State	-	-	96,376	96,376
Local	121,677	147,164	173,346	26,182
Total revenues	<u>3,593,017</u>	<u>3,625,825</u>	<u>3,568,205</u>	<u>(57,620)</u>
<b>Expenditures</b>				
Instruction	2,274,544	2,550,846	2,168,972	381,874
Instruction and curriculum development	-	-	35,748	(35,748)
Instructional staff training	17,015	2,500	794	1,706
Board	29,679	30,568	28,411	2,157
School administration	400,088	435,769	397,961	37,808
Fiscal services	19,250	22,250	20,314	1,936
Food services	15,000	3,500	2,952	548
Pupil transportation services	211,000	211,000	107,999	103,001
Operation of plant	164,474	172,187	200,568	(28,381)
Central services	35,168	36,175	35,545	630
Maintenance of plant	35,000	60,800	50,940	9,860
Community service	166,033	59,340	62,705	(3,365)
Total expenditures	<u>3,367,251</u>	<u>3,584,935</u>	<u>3,112,909</u>	<u>472,026</u>
<b>Excess of revenues over expenditures</b>	<u>225,766</u>	<u>40,890</u>	<u>455,296</u>	<u>414,406</u>
<b>Other financing sources (uses)</b>				
Transfers out	-	-	(89,103)	(89,103)
<b>Net change in fund balance</b>	<u>225,766</u>	<u>40,890</u>	<u>366,193</u>	<u>325,303</u>
<b>Fund balance, beginning of year</b>	824,603	824,603	824,603	-
<b>Fund balance, end of year</b>	<u>\$ 1,050,369</u>	<u>\$ 865,493</u>	<u>\$ 1,190,796</u>	<u>\$ 325,303</u>

The accompanying notes to required supplementary information is an integral part of this schedule.

**THE SCHOOL OF ARTS AND SCIENCES ON THOMASVILLE ROAD  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET TO ACTUAL - CARES ACT FUND  
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental				
Federal through local	\$ -	\$ 88,884	\$ 375,072	\$ 286,188
<b>Expenditures</b>				
Instruction	-	88,884	375,072	(286,188)
<b>Net change in fund balance</b>	-	-	-	-
<b>Fund balance, beginning of year</b>	-	-	-	-
<b>Fund balance, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes to required supplementary information is an integral part of this schedule.

**THE SCHOOL OF ARTS AND SCIENCES ON  
THOMASVILLE ROAD  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2021**

(1) **Summary of Significant Accounting Policies:**

The Statements of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual is presented using the School’s budget format for the General and Cares Act Funds.

(2) **Budgetary Basis of Accounting:**

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual budgets are adopted for the entire operations at the combined governmental level and may be amended by the Board of Directors. The budget presented for fiscal year ended June 30, 2021, has been amended according to Board procedures.

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for.

**THE SCHOOL OF ARTS AND SCIENCES ON THOMASVILLE ROAD  
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY -  
LAST 10 FISCAL YEAR AS OF JUNE 30**

	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
<b>Florida Retirement System (FRS)</b>							
Proportion of the net pension liability (asset)	0.003612200%	0.003655060%	0.005421934%	0.003279302%	0.002679009%	0.002998757%	0.002340112%
Proportionate share of the net pension liability (asset) covered payroll	\$ 1,565,579	\$ 1,565,579	\$ 1,037,310	\$ 969,995	\$ 676,452	\$ 330,525	\$ 142,778
	2,068,133	1,996,506	1,860,847	1,957,518	1,579,473	1,393,956	1,070,095
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	75.70%	78.42%	55.74%	49.55%	42.83%	23.71%	13.34%
Plan fiduciary net position as a percentage of the total pension liability	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%	96.09%
<b>Health Insurance Subsidy Program (HIS)</b>							
Proportion of the net pension liability (asset)	0.005957620%	0.005968450%	0.009590007%	0.005470507%	0.004405829%	0.004594817%	0.003646993%
Proportionate share of the net pension liability (asset) Covered payroll	\$ 727,416	\$ 727,416	\$ 602,881	\$ 584,932	\$ 584,932	\$ 438,959	\$ 341,000
	2,068,133	1,996,506	1,860,847	1,957,518	1,579,473	1,393,956	512,760
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	35.17%	36.43%	32.40%	29.88%	37.03%	31.49%	66.50%
Plan fiduciary net position as a percentage of the total pension liability	3.00%	2.15%	2.15%	1.64%	0.97%	0.50%	0.99%

Note 1: GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, the school will present information for only those years for which information is available.

**THE SCHOOL OF ARTS AND SCIENCES ON THOMASVILLE ROAD  
SCHEDULE OF CONTRIBUTIONS -  
LAST 10 FISCAL YEAR AS OF JUNE 30**

	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
<b><u>Florida Retirement System (FRS)</u></b>							
Contractually required contribution	\$ 120,017	\$ 113,333	\$ 98,147	\$ 123,053	\$ 105,866	\$ 102,103	\$ 85,175
Contributions in relation to the contractually required contribution	(120,017)	(113,333)	(98,147)	(123,053)	(105,866)	(102,103)	(85,175)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 2,068,133	\$ 1,996,506	\$ 1,860,847	\$ 1,957,518	\$ 1,791,344	\$ 1,579,473	\$ 1,393,956
Contributions as a percentage of covered-employee payroll	5.80%	5.68%	5.27%	6.29%	5.91%	6.46%	6.11%
<b><u>Health Insurance Subsidy Program (HIS)</u></b>							
Contractually required contribution	\$ 34,331	\$ 33,142	\$ 30,890	\$ 32,495	\$ 29,736	\$ 26,219	\$ 17,563
Contributions in relation to the contractually required contribution	(34,331)	(33,142)	(30,890)	(32,495)	(29,736)	(26,219)	(17,563)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 2,068,133	\$ 1,996,506	\$ 1,860,847	\$ 1,957,518	\$ 1,791,344	\$ 1,579,473	\$ 1,393,956
Contributions as a percentage of covered-employee payroll	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.26%

Note 1: GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, the school will present information for only those years for which information is available.

**INDEPENDENT AUDITORS' 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,  
The School of Arts and Sciences Foundation, Inc.:

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 The School of Arts and Sciences on Thomasville Road, a charter school under The School of Arts and Sciences Foundation, Inc., and a 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 August 10, 2021.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered The School of Arts and Sciences on Thomasville Road's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The School of Arts and Sciences on Thomasville Road's internal control. Accordingly, we do not express an opinion on the effectiveness The School of Arts and Sciences on Thomasville Road's internal control.

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

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

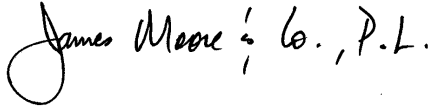


### ***Compliance and Other Matters***

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

### **Purpose of this Report**

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

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style with a large initial 'J'.

Tallahassee, Florida  
August 10, 2021

**INDEPENDENT AUDITORS' MANAGEMENT LETTER REQUIRED BY CHAPTER 10.850,  
RULES OF THE STATE OF FLORIDA, OFFICE OF THE AUDITOR GENERAL**

To the Board of Directors,  
The School of Arts and Sciences Foundation, Inc.:

**Report on the Financial Statements**

We have audited the financial statements of The School of Arts and Sciences on Thomasville Road, a charter school under The School of Arts and Sciences Foundation, Inc. and a 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 August 10, 2021.

**Auditor's Responsibility**

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

**Other Reporting Requirements**

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated August 10, 2021, should be considered in conjunction with this management letter.

**Prior Audit Findings**

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

**Official Title**

Section 10.854(1)(e)5., Rules of the Auditor General, requires the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title and the school code assigned by the Florida Department of Education of the entity are The School of Arts and Sciences on Thomasville Road, 371402.

## **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 to communicate whether or not The School of Arts and Sciences on Thomasville Road 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 of Arts and Sciences on Thomasville Road 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 of Arts and Sciences on Thomasville Road. It is management's responsibility to monitor The School of Arts and Sciences on Thomasville Road's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Section 10.854(1)(e)3., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we noted the following:

**2021-001 Budgets** – We noted the School only included a portion of the Cares Act funding received in its amended annual budget. We recommend the School include all grant funds in its annual budget.

## **Transparency**

Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require that we apply appropriate procedures to determine whether The School of Arts and Sciences on Thomasville Road maintains on its website the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that The School of Arts and Sciences on Thomasville Road maintained on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes.

## **Additional Matters**

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

## **Management's Response to Finding**

Management's response to the findings identified in our audit are described in the accompanying corrective action plan. The School's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**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, Leon County District School Board, the Board of Directors, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

*James Moore & Co., P.L.*

Tallahassee, Florida  
August 10, 2021



*Eirin Lombardo*  
*Principal*

*Ashley Arrington*  
*Assistant Principal*

*Kristen Craig*  
*Dean of Students*

*Jennifer Koon*  
*Director of Curriculum*

### **Recommendation from JMCO in the 20/21 Annual Financial Statements**

**2021-001 Budgets** – We noted the School only included a portion of the Cares Act funding received in its amended annual budget. We recommend the School include all grant funds in its annual budget.

### **Response to Recommendation**

The School of Arts and Sciences on Thomasville Road will make budget updates upon notice of funding. In the case of the 20/21 school year, the majority of the unbudgeted grant funds (allocated via ESSER II) were not confirmed by Leon County Schools until late in the fiscal year.

August 10, 2021

The School of Arts and Sciences Foundation, Inc.  
3208 Thomasville Road  
Tallahassee, FL 32308

We have audited the financial statements of The School of Arts and Sciences on Thomasville Road (a charter school under The School of Arts and Sciences Foundation, Inc.) (hereby known as “the School”) as of and for the year ended June 30, 2021, and have issued our report thereon dated August 10, 2021. Professional standards require that we advise you of the following matters relating to our audit.

### **Our Responsibility in Relation to the Financial Statement Audit**

As communicated in our engagement letter dated May 14, 2021, our responsibility, as described by professional standards, is to form and express an opinion(s) about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the School solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our findings, if applicable, regarding significant control deficiencies over financial reporting and material noncompliance and other matters noted during our audit in a separate letter to you dated August 10, 2021.

### **Planned Scope and Timing of the Audit**

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

121 Executive Circle Daytona Beach, FL 32114-1180 Telephone: 386-257-4100	133 East Indiana Avenue DeLand, FL 32724-4329 Telephone: 386-738-3300	5931 NW 1st Place Gainesville, FL 32607-2063 Telephone: 352-378-1331	2477 Tim Gamble Place, Suite 200 Tallahassee, FL 32308-4386 Telephone: 850-386-6184
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## **Compliance with All Ethics Requirements Regarding Independence**

The engagement team, others in our firm, as appropriate, and our firm has complied with all relevant ethical requirements regarding independence.

In order to eliminate threats to independence related to nonattest services that we provide you, we have instituted a quality control review over all nonattest work. In addition, in the engagement letter, we identified a person within your organization with the skills, knowledge and expertise to review our nonattest work on your behalf.

## **Qualitative Aspects of the Entity's Significant Accounting Practices**

### *Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the School is included in Note 1 to the financial statements. There has been no initial selection of accounting policies and no changes in significant accounting policies or their application during the year ended June 30, 2021, except for the implementation of GASB Statement No. 84, *Fiduciary Activities*. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

### *Significant Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements was:

Management's estimate of the depreciation expense is based on the underlying assets depreciation calculated using the straight-line method over the assets' useful lives. We evaluated the key factors and assumptions used to develop the estimate of depreciation expense in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the net pension liability, is based on actuarial factors and were calculated by actuaries independent of the School. We evaluated the key factors and assumptions used to develop the fair value estimate and determined that it is reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

### *Financial Statement Disclosures*

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the School's financial statements relate to: Florida retirement system and contingent liabilities.

### **Significant Difficulties Encountered during the Audit**

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

### **Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit.

- \$9,904 reduction to general fund payroll liabilities as all amounts due to the IRS and FRS were paid before year end.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. None of the misstatements identified by us as a result of our audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole or applicable opinion units.

### **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the School's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

### **Representations Requested from Management**

We have requested certain written representations from management, which are included in the attached letter dated August 10, 2021.

### **Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.



The School of Arts and Sciences Foundation, Inc.

August 10, 2021

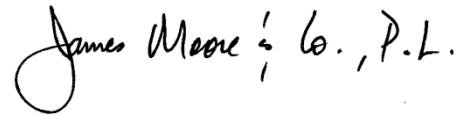
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**Other Significant Matters, Findings, or Issues**

In the normal course of our professional association with the School, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the School's auditors.

This report is intended solely for the information and use of the Board of Directors and management of the School and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style with a large, looping initial "J".

JAMES MOORE & CO., P.L.

Client: **509100 - The School of Arts and Sciences Foundation, Inc.**  
 Engagement: **2021 Audit - The School of Arts and Sciences Foundation, Inc.**  
 Period Ending: **6/30/2021**  
 Trial Balance: **TB-01T - Thomasville**  
 Workpaper: **TB-02T - AJE, RJE, PJE Report**  
 Fund Level: **All**  
 Index: **All**

Account	Description	W/P Ref	Debit	Credit	
<b>Proposed Journal Entries JE # 14</b>					
PAJE to adjust payroll liabilities to actual					
01-2110	Payroll Liabilities		9,904.00		
01-5100000	Instuctional Payroll Expenses			9,904.00	
<b>Total</b>			<b>9,904.00</b>	<b>9,904.00</b>	PAJE
<b>Fund: 01</b>	<b>Proposed Journal Entries</b>		<b>9,904.00</b>	<b>9,904.00</b>	
<b>Fund: 01</b>	<b>Total All Journal Entries</b>		<b>438,306.00</b>	<b>438,306.00</b>	



*Eirin Lombardo*  
*Principal*

*Ashley Arrington*  
*Assistant Principal*

*Kristen Craig*  
*Dean of Students*

*Jennifer Koon*  
*Director of Curriculum*

August 10, 2021

James Moore & Cp., P.L.  
2477 Tim Gamble Place, Suite 200  
Tallahassee, FL 32308

This representation letter is provided in connection with your audit of the financial statements of The School of Arts and Sciences on Thomasville Road (a charter under The School of Arts and Sciences Foundation, Inc.) (hereby known as “the School”) as of June 30, 2021 and for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions on whether the basic financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows, where applicable, of the various opinion units of the School in conformity with accounting principles generally accepted for governments in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of the date of this letter:

### **Financial Statements**

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated May 14, 2021, for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP.
- We acknowledge our responsibility for 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.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.
- We have reviewed, approved, and taken responsibility for the financial statements and related notes.
- We have a process to track the status of audit findings and recommendations.
- We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.

3208 Thomasville Road \* Tallahassee, Florida 32308 \* Phone (850) 386-6566 \* Fax (850) 386-8183 \* [www.schoolofartsandsciences.org](http://www.schoolofartsandsciences.org)  
*“The School of Arts and Sciences does not discriminate against any person on the basis of gender, marital status, sexual orientation, race, religion, national origin, age, color or disability.”*

- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- The effects of uncorrected misstatements summarized in the attached schedule and aggregated by you during the current engagement are immaterial, both individually and in the aggregate, to the applicable opinion units and to the financial statements as a whole.
- The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
- All component units, as well as joint ventures with an equity interest, are included and other joint ventures and related organizations are properly disclosed.
- All funds and activities are properly classified.
- All funds that meet the quantitative criteria in GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus* as amended, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for presentation as major are identified and presented as such and all other funds that are presented as major are considered important to financial statement users.
- All components of net position, nonspendable fund balance, and restricted, committed, assigned, and unassigned fund balance are properly classified and, if applicable, approved.
- Our policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position/fund balance are available is appropriately disclosed and net position/fund balance is properly recognized under the policy.
- All revenues within the statement of activities have been properly classified as program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- All expenses have been properly classified in or allocated to functions and programs in the statement of activities, and allocations, if any, have been made on a reasonable basis.
- All interfund and intra-entity transactions and balances have been properly classified and reported.
- Special items and extraordinary items have been properly classified and reported.
- Deposit and investment risks have been properly and fully disclosed.
- Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
- All required supplementary information is measured and presented within the prescribed guidelines.
- With regard to investments and other instruments reported at fair value:
  - The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.
  - The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
  - The disclosures related to fair values are complete, adequate, and in accordance with U.S. GAAP.
  - There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.
- In regards to the drafting of the financial statements, preparation of depreciation schedule, and tax preparation services performed by you, we have—
  - Made all management decisions and performed all management functions.
  - Designated Karen Burns with suitable skill, knowledge, or experience to oversee the services.
  - Evaluated the adequacy and results of the services performed.
  - Accepted responsibility for the results of the services.
  - Established and maintained internal controls, including monitoring ongoing activities.

## Information Provided

- We have provided you with:
  - Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters;
  - Additional information that you have requested from us for the purpose of the audit; and
  - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- The financial statements and any other information included in the annual report are consistent with one another, and the other information does not contain any material misstatements.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
  - Management;
  - Employees who have significant roles in internal control; or
  - Others where the fraud could have a material effect on the financial statements.
- We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, vendors, regulators, or others.
- We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
- There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
- The School has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
- We have disclosed to you all guarantees, whether written or oral, under which the School is contingently liable.
- We have disclosed to you all nonexchange financial guarantees, under which we are obligated and have declared liabilities and disclosed properly in accordance with GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, for those guarantees where it is more likely than not that the entity will make a payment on any guarantee.
- For nonexchange financial guarantees where we have declared liabilities, the amount of the liability recognized is the discounted present value of the best estimate of the future outflows expected to be incurred as a result of the guarantee. Where there was no best estimate but a range of estimated future outflows has been established, we have recognized the minimum amount within the range.
- We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62 (GASB-62), *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.
- We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
- There are no:
  - Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
  - Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62.
  - Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62

- Continuing disclosure consent decree agreements or filings with the Securities and Exchange Commission and we have filed updates on a timely basis in accordance with the agreements (Rule 240, 15c2-12).
- The School has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
- We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- During the year ended June 30, 2021, local, U.S., and world governments have encouraged self-isolation to curtail the spread of the global pandemic, coronavirus disease (COVID-19), by mandating temporary work stoppage in many sectors and imposing limitations on travel and size and duration of group meetings. Most industries are experiencing disruption to business operations and the impact of reduced consumer spending. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and any government actions to mitigate them. Accordingly, while management cannot quantify the financial and other impact to the Company as of August 10, 2021, management believes that a material impact on the Company's financial position and results of future operations is reasonably possible.

*Eirin Lombardo*

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Eirin Lombardo, Principal

*Karen Burns*

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Karen Burns, Finance Director