

**INTERNATIONAL SCHOOL OF EXCELLENCE, INC.
D/B/A/ VICTORY CHARTER SCHOOL OF TAMPA**

HILLSBOROUGH, FLORIDA
(A Charter School and Component Unit of the School Board
of Hillsborough County, Florida)

BASIC FINANCIAL STATEMENTS, INDEPENDENT
AUDITOR'S REPORT AND SUPPLEMENTAL
INFORMATION

JUNE 30, 2021

**INTERNATIONAL SCHOOL OF EXCELLENCE, INC.
D/B/A VICTORY CHARTER SCHOOL OF TAMPA**

**BASIC FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION
JUNE 30, 2021**

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INTERNATIONAL SCHOOL OF EXCELLENCE, INC.
D/B/A VICTORY CHARTER SCHOOL OF TAMPA
(A Charter School and Component Unit of the School Board of Hillsborough County, Florida)

13901 Sheldon Road
Tampa, FL 33626
(813) 551-2144

2020-2021

BOARD OF DIRECTORS

Mr. Robert Peters, Board Chair
Ms. Brandi Garwood
Ms. Elaine Perez
Ms. Jomarie Martinez
Ms. Karilyn Bacallao
Mr. Antonio Cejas

SCHOOL ADMINISTRATION

Ms. Alivia Rivero, Principal



INDEPENDENT AUDITOR'S REPORT

Board of Directors
International School of Excellence, Inc. d/b/a Victory Charter School of Tampa
Hillsborough, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of International School of Excellence, Inc. d/b/a Victory Charter School of Tampa (the "School"), a charter school and component unit of the Hillsborough County Public Schools, Florida as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 – 8 and budgetary comparison information on pages 23 – 24 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 September 14, 2021, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

Gutierrez Madariaga, CPA P.A.

GUTIERREZ MADARIAGA, CPA P.A.

Coral Gables, Florida

September 14, 2021

Management's Discussion and Analysis

International School of Excellence, Inc. d/b/a Victory Charter School of Tampa

June 30, 2021

The corporate officers of International School of Excellence, Inc. d/b/a Victory Charter School of Tampa (the "School") have prepared this narrative overview and analysis of the School's financial activities for the fiscal year ended June 30, 2021.

FINANCIAL HIGHLIGHTS

1. The School had a increase in its net position of \$172,577 for the fiscal year ending June 30, 2021 and an ending net position of \$11,222.
2. At year-end, the School had current assets of \$391,893 at June 30, 2021.
3. The School had an increase in fund balance of \$330,723 and an ending positive fund balance of \$179,532.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the School's basic financial statements. The School's financial statements for the year ended June 30, 2021 are presented in accordance with GASB Codification Section 2200. The financial statements have three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the School's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the School's assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. The difference is reported as *net position*. Over time, increases or decreases in net position may serve as an indicator of whether the financial position of the School is improving or deteriorating.

The *Statement of Activities* presents information on how the School's net position changed during the fiscal year. All changes in net assets are reported as soon as the underlying event resulting in the change occurs, without regard to the timing of related cash flows. Accordingly, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements can be found on pages 9 – 10 of this report.

Fund Financial Statements

A "fund" is a collection of related accounts grouped to maintain control over resources that have been segregated for specific activities, projects, or objectives. The School, like other state and local governments, uses fund accounting to ensure and report compliance with finance-related legal requirements. All of the funds of the School are governmental funds. *Governmental Funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements.

Governmental Fund financial statements, however, focus on *near-term* inflows and outflows of spendable resources, as well as on the balances of spendable resources which are available at the end of the fiscal year. Such information may be used to evaluate a government's requirements for near-term financing.

Prior to the start of the School's fiscal year, the Board of the School adopts an annual budget for its general and special revenue fund. A budgetary comparison statement has been provided for the School's governmental funds to demonstrate compliance with the School's budget. The basic governmental fund financial statements can be found on pages 11 – 14 of this report.

Notes to Financial Statements

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

The notes to the financial statements can be found on pages 15 – 22 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, over time, net position may serve as a useful indicator of a school's financial position. A summary of the School's net position as of June 30, 2021 and 2020 follows:

Assets	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 361,753	\$ 16,336
Prepaid expenses and other assets	30,140	10,230
Deposits receivable	15,170	15,170
Capital assets, net	<u>446,695</u>	<u>460,008</u>
Total Assets	<u>\$ 853,758</u>	<u>\$ 501,744</u>
Liabilities and Net Position		
Accounts and wages payable and accrued liabilities	\$ 227,531	\$ 192,927
Due to management company	217,462	-
Long-term debt	<u>397,543</u>	<u>470,172</u>
Total Liabilities	842,536	663,099
Net investment in capital assets	387,227	460,008
Unrestricted	<u>(376,005)</u>	<u>(621,363)</u>
Total Net Position	<u>11,222</u>	<u>(161,355)</u>
Total Liabilities and Net Position	<u>\$ 853,758</u>	<u>\$ 501,744</u>

At June 30, 2021, the School's total assets were \$853,758 and total liabilities were \$842,536 with an ending net position of a positive \$11,222. This was an increase of \$172,577 from the prior year.

A summary and analysis of the School's revenues and expenses for the years ended June 30, 2021 and 2020 follows:

REVENUES	<u>2021</u>	<u>2020</u>
Program Revenues		
Federal passed through local	\$ 83,423	\$ 65,992
State capital outlay funding	182,956	199,696
Charges for services	34,175	-
General Revenues		
FEFP nonspecific revenues	2,878,476	2,874,278
Fundraising and other revenue	462,900	82,924
Total Revenues	<u>\$ 3,641,930</u>	<u>\$ 3,222,890</u>
 EXPENSES		
Instruction	\$ 2,037,803	\$ 1,583,948
Instructional support services	360	69,083
Instruction and curriculum development services	3,210	1,398
Instructional staff training services	5,540	-
Instruction related technology	24,914	-
General administration	377,456	176,523
School administration	200,311	351,712
Facilities acquisition and construction	239,930	-
Fiscal services	7,637	22,160
Food services	90,202	108,480
Pupil transportation services	49,000	79,100
School board	19,060	10,010
Operation of plant	216,416	397,951
Maintenance of plant	176,755	96,617
Central services	-	996
Interest expense	14,375	103,039
Administrative technology services	6,384	16,509
Total Expenses	<u>\$ 3,469,353</u>	<u>\$ 3,017,526</u>
Change in Net Position	172,577	205,364
 Net Position at Beginning of Year	<u>(161,355)</u>	<u>(366,719)</u>
Net Position at End of Year	<u>\$ 11,222</u>	<u>\$ (161,355)</u>

The School's total revenues for the year ended June 30, 2021 were \$3,641,930, while its total expenses were \$3,469,353, for a net increase of \$172,577. The School reported a positive net position of \$11,222 at June 30, 2021.

SCHOOL LOCATION

The School operates in the Tampa area located at 13901 Sheldon Road in Tampa, FL 33609.

REQUESTS FOR INFORMATION

This financial report is intended to provide a general overview of the finances of the School. Requests for additional information may be addressed to Jeffrey Hernandez at the School's address.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUND

As noted earlier, the School uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

GOVERNMENTAL FUNDS

The focus of the School's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the School's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the fiscal year, the School's governmental funds reported a net increase in its fund balance of \$330,723 for the fiscal year ending June 30, 2021, however, the School reported a combined ending positive fund balance of \$179,532.

CAPITAL ASSETS

The School's investment in capital assets, as of June 30, 2021, amounts to \$446,695 (net of accumulated depreciation). This investment in capital assets includes leasehold improvements, fixtures, furniture and equipment. The School maintains a continuous capital improvements program to enhance facilities and update fixtures and equipment as required.

LONG-TERM LIABILITIES

In February 2021, the Academy received loan proceeds of \$338,075 through the Paycheck Protection Program ("PPP"). The loan proceeds are to be used for payroll, rent, utilities and interest expense. The loan matures February 2026 and bears interest of 0.98%. The loan and accrued interest are forgivable in whole or in part if used for the qualifying purposes as noted above.

GENERAL FUND BUDGET ANALYSIS

Prior to the start of the School's fiscal year, the Board of the School adopted an annual budget. A budgetary comparison statement has been provided for the governmental funds to demonstrate compliance with the School's budget.

	All Governmental Funds		
	Original Budget	Final Budget	Actual
REVENUES			
State passed through local	\$ 2,975,916	\$ 2,975,916	\$ 2,878,476
State capital outlay funding	211,181	211,181	182,956
Federal passed through local	151,844	151,844	83,423
Charges for services	-	-	34,175
Other income	52,450	52,450	373,655
TOTAL REVENUES	3,391,391	3,391,391	3,552,685
EXPENDITURES			
Instruction	1,763,068	1,763,068	1,921,133
Instructional support services	19,599	19,599	360
Instruction and curriculum development services	5,000	5,000	3,210
Instructional staff training services	5,000	5,000	5,540
Instruction-related technology	25,000	25,000	24,914
Board	18,500	18,500	19,060
General administrative - district administrative fee	89,810	89,810	89,681
General administrative - management fee	232,009	232,009	281,022
General administrative - other	-	-	6,753
School administration	211,680	211,680	200,311
Facilities acquisition and construction - rent	276,181	276,181	239,930
Other capital outlay	-	-	112,450
Food services	74,325	74,325	90,202
Pupil Transportation services	28,000	28,000	49,000
Fiscal services	46,402	46,402	7,637
Operation of plant	231,500	231,500	216,416
Maintenance of plant	20,000	20,000	167,662
Administrative technology services	4,950	4,950	6,384
Debt service	325,904	325,904	335,834
TOTAL EXPENDITURES	3,376,928	3,376,928	3,777,499
Change in fund balance before other financing source	14,463	14,463	(224,814)
Other financing sources	217,282	217,282	555,537
Net change in fund balance	\$ 231,745	\$ 231,745	\$ 330,723

The budget for the fiscal year ended June 30, 2021, was developed based on the School's anticipated revenues and expenditures and the expected student population for the school year. Actual results may differ from estimates.

**INTERNATIONAL SCHOOL OF EXCELLENCE, INC.
D/B/A VICTORY CHARTER SCHOOL OF TAMPA
STATEMENT OF NET POSITION
JUNE 30, 2021**

	<u>Governmental Activities</u>
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 361,753
Prepaid expenses	30,140
TOTAL CURRENT ASSETS	<u>391,893</u>
CAPITAL ASSETS, NET	
Buildings and fixed equipment	155,826
Less accumulated depreciation	(36,603)
Furniture and equipment	615,530
Less accumulated depreciation	(288,058)
Total capital assets, net	<u>446,695</u>
Deposit receivable and other assets	15,170
TOTAL ASSETS	<u>\$ 853,758</u>
LIABILITIES AND NET POSITION	
LIABILITIES	
Accounts payable and accrued liabilities	\$ 25,661
Accrued wages payable	201,870
Obligations under financed note payable - current portion	59,468
TOTAL CURRENT LIABILITIES	<u>286,999</u>
Advances from landlord	217,462
Note payable - Payroll Protection Program	338,075
TOTAL LIABILITIES	<u>842,536</u>
NET POSITION	
Net investment in capital assets	387,227
Unrestricted	(376,005)
TOTAL NET POSITION	<u>11,222</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 853,758</u>

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

**INTERNATIONAL SCHOOL OF EXCELLENCE, INC.
D/B/A VICTORY CHARTER SCHOOL OF TAMPA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

Functions	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
Governmental Activities:					
Instruction	\$ 2,037,803	\$ -	\$ 75,900	\$ -	\$ (1,961,903)
Instructional support services	360	-	-	-	(360)
Instruction and curriculum development services	3,210	-	-	-	(3,210)
Instructional staff training services	5,540	-	-	-	(5,540)
Instruction-related technology	24,914	-	-	-	(24,914)
Board	19,060	-	-	-	(19,060)
General administrative - District	89,681	-	-	-	(89,681)
General administrative - management fee	281,022	-	-	-	(281,022)
General administrative - other	6,753	-	-	-	(6,753)
School administration	200,311	-	-	-	(200,311)
Facilities acquisition and construction - rent	239,930	-	-	182,956	(56,974)
Food services	90,202	34,175	-	-	(56,027)
Fiscal services	7,637	-	-	-	(7,637)
Pupil transportation services	49,000	-	-	-	(49,000)
Operation of plant	216,416	-	-	-	(216,416)
Maintenance of plant	176,755	-	7,523	-	(169,232)
Administrative technology services	6,384	-	-	-	(6,384)
Interest expense	14,375	-	-	-	(14,375)
Total Governmental Activities	\$ 3,469,353	\$ 34,175	\$ 83,423	\$ 182,956	\$ (3,168,799)
GENERAL REVENUES:					
					2,878,476
					462,900
					<u>3,341,376</u>
					172,577
					<u>(161,355)</u>
					<u>\$ 11,222</u>

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

**INTERNATIONAL SCHOOL OF EXCELLENCE, INC.
D/B/A VICTORY CHARTER SCHOOL OF TAMPA
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2021**

	<u>Governmental Fund</u>
ASSETS	
Cash and cash equivalents	\$ 361,753
Prepaid expenses	30,140
Deposit receivable and other assets	<u>15,170</u>
TOTAL ASSETS	<u>\$ 407,063</u>
LIABILITIES AND FUND BALANCES	
LIABILITIES	
Accounts payable and accrued liabilities	\$ 25,661
Accrued wages payable	<u>201,870</u>
TOTAL LIABILITIES	227,531
FUND BALANCE	
Nonspendable	
Deposit receivable and other assets	45,310
Unassigned	<u>134,222</u>
TOTAL FUND BALANCE	<u>179,532</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 407,063</u>

The accompanying notes are an integral of this financial statement.

**INTERNATIONAL SCHOOL OF EXCELLENCE, INC.
D/B/A VICTORY CHARTER SCHOOL OF TAMPA
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT
OF NET POSITION
JUNE 30, 2021**

Total Fund Balance - Governmental Funds \$ 179,532

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

Capital assets, net of accumulated depreciation
used in governmental activities are not financial
resources and, therefore, are not reported in the
fund.

Capital assets	771,356
Accumulated depreciation	(324,661)

Advances from other charter schools and other
long-term liabilities are not due and payable in
the current period and, therefore, are not reported
in the funds.

Advances from landlord	(217,462)
Note payable - PPP	(338,075)
Obligations under financed note payable	(59,468)

Total Net Position - Governmental Activities	\$ 11,222
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The accompanying notes are an integral part of this financial statement.

**INTERNATIONAL SCHOOL OF EXCELLENCE, INC.
D/B/A VICTORY CHARTER SCHOOL OF TAMPA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

	Governmental Funds	Capital Projects Fund	Special Revenue Fund	Total Governmental Funds
REVENUES				
State passed through local	\$ 2,878,476	\$ -	\$ -	\$ 2,878,476
State capital outlay funding	-	182,956	-	182,956
Federal passed through local	-	-	83,423	83,423
Charges for services	34,175	-	-	34,175
Other income	373,655	-	-	373,655
TOTAL REVENUES	\$ 3,286,306	\$ 182,956	\$ 83,423	\$ 3,552,685
EXPENDITURES				
Current:				
Instruction	\$ 1,555,258	\$ -	\$ 365,875	\$ 1,921,133
Instructional support services	360	-	-	360
Instruction and curriculum development services	3,210	-	-	3,210
Instructional staff training services	5,540	-	-	5,540
Instruction-related technology	24,914	-	-	24,914
Board	19,060	-	-	19,060
General administrative - district administrative fee	89,681	-	-	89,681
General administrative - management fee	281,022	-	-	281,022
General administrative - other	6,753	-	-	6,753
School administration	200,311	-	-	200,311
Facilities acquisition and construction - rent	56,974	182,956	-	239,930
Food services	90,202	-	-	90,202
Fiscal services	7,637	-	-	7,637
Pupil Transportation services	49,000	-	-	49,000
Operation of plant	216,416	-	-	216,416
Maintenance of plant	160,139	-	7,523	167,662
Administrative technology services	6,384	-	-	6,384
Capital Outlay:				
Other capital outlay	64,350	-	48,100	112,450
Debt service:				
Redemption of principal	321,459	-	-	321,459
Interest expense	14,375	-	-	14,375
TOTAL EXPENDITURES	\$ 3,173,045	\$ 182,956	\$ 421,498	\$ 3,777,499
Excess of expenditures over revenues	113,261	-	(338,075)	(224,814)
Other Financing Sources				
Proceeds from payroll protection program	-	-	338,075	338,075
Advance from landlord	217,462	-	-	217,462
Total Other Financing Sources	217,462	-	338,075	555,537
Net change in fund balance	330,723	-	-	330,723
Fund balance (Deficit) at beginning of year	(151,191)	-	-	(151,191)
Fund balance at end of year	<u>\$ 179,532</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 179,532</u>

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

**INTERNATIONAL SCHOOL OF EXCELLENCE, INC.
D/B/A VICTORY CHARTER SCHOOL OF TAMPA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

Change in Fund Balance - Governmental Funds \$ 330,723

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

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 as depreciation expense.

Capital outlays	112,450
Depreciation expense	(125,763)

The proceeds from advances provide current financial resources to governmental funds, but increases long-term liabilities in the statement of net assets. Repayment of advance principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Proceeds from PPP	(338,075)
Advance from landlord	(217,462)
Employee retention credit	89,245
Redemption of principal	321,459

Change in Net Position of Governmental Activities	\$ 172,577
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**INTERNATIONAL SCHOOL OF EXCELLENCE, INC.
D/B/A VICTORY CHARTER SCHOOL OF TAMPA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 1 – ORGANIZATION AND OPERATIONS

Reporting Entity

Victory Charter School of Tampa (the “School”) is a charter school under International School of Excellence, Inc. and is a component unit of the School Board of Hillsborough County, Florida (the “District”). The School’s charter is held by International School of Excellence, Inc., a not-for-profit corporation, organized pursuant to Chapter 617, Florida Statutes, the Florida Not For Profit Corporation Act, and Section 1002.33, Florida Statutes. The governing body of the School is the not-for-profit corporation Board of Directors which is comprised of six members.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, the District School Board of Hillsborough County, Florida (the “District”). The current charter is effective until June 30, 2022. At the end of the term of the charter, the School Board may choose not to renew the charter under grounds specified in the charter, in which case the School Board is required to notify the School in writing at least 90 days prior to the School’s expiration. During the term of the charter, the District may also terminate the charter if good cause is shown. The charter may be renewed for up to an additional 15 years by mutual agreement.

These financial statements are for the year ended June 30, 2021, when approximately 400 students were enrolled in grades Kindergarten through 8th grade.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Based on the guidance provided in the American Institute of Certified Public Accountants Audit and Accounting Guide – Audits per State and Local Governments and provisions of Florida Statutes, the School is presented as a governmental organization for financial statement reporting purposes under standards set by the Government Auditing Standards Board (“GASB”).

Government-wide and Fund Financial Statements

Government-wide Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These statements report information for the School as a whole. Both statements report only governmental activities as the School does not engage in any business type activities. These statements do not include fiduciary funds.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees, (2) operating grants and contributions which finance annual operating activities, and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. Other revenue sources not properly included with program revenues are reported as general revenues.

**INTERNATIONAL SCHOOL OF EXCELLENCE, INC.
D/B/A VICTORY CHARTER SCHOOL OF TAMPA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

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

General Fund – is the School’s primary operating fund. It accounts for all financial resources not accounted for and reported in another fund.

Special Revenue Fund – used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service and capital projects.

Capital Projects Fund – used to account for financial resources used for the acquisition or construction of major capital facilities and for the proceeds and related expenditures of charter school capital outlay funding.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The financial statements of the School are prepared in accordance with generally accepted accounting principles (GAAP). The School’s reporting entity applies all relevant Governmental Accounting Standards Board (GASB) *Codification of Accounting and Financial Reporting Guidelines*.

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Revenues from non-exchange transactions are reported according to Governmental Accounting Standards Board (GASB) Codification Section 1600.111 and Section N50 “*Accounting and Financial Reporting for Non-Exchange Transactions*”. On the accrual basis, revenues from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Measurable means the amount of the transaction can be determined. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The School considers revenues to be available if they are collected within 90 days of the end of the fiscal year. Florida Education Finance Program (FEFP) revenues are recognized when received. A one-year availability period is used for revenue recognition for all other governmental fund revenues. When grant terms provide that the expenditure of funds is the prime factor for determining eligibility for federal, state, and other grant funds, revenue is recognized at the time the expenditure is made. Expenditures are recorded when the related fund liability is incurred, except for long-term debt principal and interest which are reported as expenditures in the year due.

Budgetary Basis Accounting

Budgets are presented on the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the object level (e.g., salaries, purchased services, and capital outlay). Any revisions to the annual budget are approved by the Board.

**INTERNATIONAL SCHOOL OF EXCELLENCE, INC.
D/B/A VICTORY CHARTER SCHOOL OF TAMPA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

The School’s cash is considered to be cash on hand and demand deposits, with original maturities of three months or less.

Accounts receivable

Accounts receivable consists of after school care fees pending to be collected. Any bad debts are expensed in the subsequent period when they are determined to be uncollectible.

Due from Other Agencies

Due from other agency consists of amounts due from other governmental units for revenues from federal, federal through state, state or other sources.

Capital Assets, Depreciation and Amortization

Capital assets purchased or acquired are carried at historical cost or estimated historical cost. The School capitalization levels are \$750 on tangible personal property. Other costs incurred for repairs and maintenance are expensed as incurred. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the costs and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are as follows:

Furniture and equipment	5 Years
Computer equipment and software	7 Years
Building and improvements	39 Years

Compensated Absences

The School grants a specific number of days of sick/personal leave. Full-time employees are eligible for one day per month to up to ten days of active work during the ten-month period (a “benefit year”). In the event that available time is not used by the end of the benefit year, employees may “rollover” all unused days for use in future benefit years. There is an opportunity to “cash out” unused sick days; however, the employees may only cash out if they have used three days or less of their sick leave in that benefit year. Employees may not cash out more than ten days per school year and are required to always maintain a minimum of twenty-one unused days. The cash value is eighty percent of their current daily rate. There is no termination payment for accumulated unused sick days.

GASB Codification Section C60, *Accounting for Compensated Absences*, provides that compensated absences that are contingent on a specific event that is outside the control of the employer and employee should be accounted for in the period those events take place. Accordingly, these financial statements do not include an accrual for compensated absences available to be used in future benefit years.

The School also provides certain days to be used for specific personal matters such as family death and jury duty. Because the use of such days is contingent upon those events taking place and such events are out of the control of both the employer and the employee, there is no accrual for such days.

**INTERNATIONAL SCHOOL OF EXCELLENCE, INC.
D/B/A VICTORY CHARTER SCHOOL OF TAMPA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide Fund Net Assets

Government-wide fund net assets are divided into three components:

- Net investment in capital assets – consists of the historical cost capital assets less accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributable to the acquisition or improvement of those assets plus deferred outflows of resources less deferred inflows of resources. The net investment in capital assets for the year ending June 30, 2021 was \$387,227.
- Restricted net assets – consists of net assets with constraints placed on their use either by external groups such as creditors, grantors, contributors or laws or regulations of other governments less related liabilities and deferred inflows of resources. The restricted net position for the year ending June 30, 2021 was \$0.
- Unrestricted – all other net position is reported in this category.

Governmental Fund Balances

In the governmental fund financial statements, fund balances are classified as follows:

- Nonspendable – fund balance associated with inventories, prepaid expenses, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned). At June 30, 2021, the School had \$45,310 in nonspendable fund balance.
- Restricted – fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. At June 30, 2021, there was no restricted fund balance.
- Committed – fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School’s Board of Directors. At June 30, 2021, there was no committed fund balance.
- Assigned – fund balance classification is intended to be used by the School’s management for specific purposes but does not meet the criteria to be classified as restricted or committed. At June 30, 2021, there was no assigned fund balance.
- Unassigned – fund balance is the residual classification for the School’s general fund and includes all spendable amounts not contained in the other classifications.

Order of Fund Balance Spending Policy

The School’s policy is to apply expenditures against non-spendable fund balance, restricted fund balance, and committed fund balance at the end of the fiscal year by adjusting journal entries. First, non-spendable fund balances are determined. Then, restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then, any remaining fund balance amounts for the non-general funds are classified as restricted fund balance. It is possible for the non-general funds to have negative unassigned fund balance when non-spendable amounts plus the restricted fund balances for specific purposes amounts exceed the positive fund balance for the non-general fund. As of June 30, 2021, there are no minimum fund balance requirements for any of the School’s funds.

**INTERNATIONAL SCHOOL OF EXCELLENCE, INC.
D/B/A VICTORY CHARTER SCHOOL OF TAMPA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Sources

Revenues for operations will be received primarily from the District School Board of Hillsborough County (the “School Board”) pursuant to the funding provisions included in the School’s charter. The basic amount of funding through the FEFP under section 1011.62 is the product of (1) the School’s unweighted FTE, multiplied by (2) the cost factor for each program, multiplied by (3) the base student allocation established by the legislature. Additional funds for exceptional students who do not have a matrix of services are provided through the guaranteed allocation designated in Section 1011.62(1)©2., Florida Statutes. For the 2020-2021 school year the School reported 400.00 un-weighted FTE. Weighted funding represented approximately .1758% of total FEFP funding.

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

- Attendance and membership documentation (Rule 6A-1.044, FAC)
- Teacher certificates and other certification documentation (Rule 6A-1.0503, FAC)
- Procedural safeguards for weighted programs (Rule 6A-6.03411, FAC)
- Evaluation and planning documents for weighted programs (Section 1011.62(1)©, FS, and Rule 6A-6.03411, FAC)

In addition, the School receives an annual allocation of charter school capital outlay funds for leasing of School facilities.

The School may also receive federal awards for the enhancement of various educational programs. Federal awards are generally received based on applications submitted to and approved by various granting agencies. For federal awards in which a claim to these grant proceeds is based on incurring eligible expenditures, revenue is recognized to the extent that eligible expenditures have been incurred. Any excess amounts are recorded as deferred revenues until expensed. Additionally, other revenues may be derived from various fundraising activities and certain other programs.

Income Taxes

The School is a division of a nonprofit corporation. The School qualifies as a tax exempt organization under the Internal Revenue Code Section 501©(3), and is, therefore, exempt from income tax. Accordingly, no tax provision has been made in the accompanying financial statements.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Subsequent Events

The School has evaluated subsequent events and transactions for potential recognition or disclosure through September 14, 2021, which is the date the financial statements were available to be issued.

**INTERNATIONAL SCHOOL OF EXCELLENCE, INC.
D/B/A VICTORY CHARTER SCHOOL OF TAMPA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 3 – CAPITAL ASSETS

The following schedule provides a summary of changes in capital assets, acquired substantially with public funds, for the year ended June 30, 2021:

	Balance <u>July 1, 2020</u>	Additions	Deletions	Balance <u>June 30, 2021</u>
Capital Assets				
Building and fixed equipment	\$ 136,401	\$ 19,425	\$ -	\$ 155,826
Furniture and equipment	<u>522,505</u>	<u>93,025</u>	<u>-</u>	<u>615,530</u>
Total Capital Assets	<u>658,906</u>	<u>112,450</u>	<u>-</u>	<u>771,356</u>
Less Accumulated Depreciation				
Building and fixed equipment	(27,510)	(9,093)	-	(36,603)
Furniture and equipment	<u>(171,388)</u>	<u>(116,670)</u>	<u>-</u>	<u>(288,058)</u>
Total Accumulated Depreciation	<u>(198,898)</u>	<u>(125,763)</u>	<u>-</u>	<u>(324,661)</u>
Capital Assets, net	<u>\$ 460,008</u>	<u>\$ (13,313)</u>	<u>\$ -</u>	<u>\$ 446,695</u>

Depreciation expense for the year ended June 30, 2021 was \$125,763, of which \$9,093 and \$116,670 were allocated to maintenance of plant and instruction, respectively.

NOTE 4 – COMMITMENTS AND CONTINGENCIES

The School entered into a management agreement with National Academic Educational Partners, Inc. (“NAEP”) to provide professional management and consulting services to the School. In its capacity, as the School’s management company, NAEP manages the day to day educational, financial and operational affairs and aspects of the School. NAEP makes recommendations to the School’s independent board of directors which make the final determinations regarding policies and contracts.

In providing these management services to the School, officers of NAEP may not serve as members of the Board of Directors of the School. The agreement began on July 1, 2019, and is in effect through June 30, 2024 with an option to renew. The contract can be terminated by either party with 60 days’ notice. The contract calls for a management fees of 10% of full time equivalent (FTE) revenues based on the School’s enrollment for the fiscal year ended June 30, 2021 and for 12% for fiscal years thereafter. During the year-ended June 30, 2021, the School incurred management fees of \$279,154 and no amounts were due to NAEP at June 30, 2021.

**INTERNATIONAL SCHOOL OF EXCELLENCE, INC.
D/B/A VICTORY CHARTER SCHOOL OF TAMPA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 4 – COMMITMENTS AND CONTINGENCIES (Continued)

Facilities:

The School previously entered into a lease agreement for the use of its educational facilities through July 31, 2042. In July 2020, the School entered into a fifth amendment to the original lease agreement that reduced the monthly base rent payments. The lease term requires a base rent with an additional amount due for enrollment in excess of a certain number of students. For the year ended June 30, 2021, the School had a base rent of \$190,000 plus \$1,000 for each student enrolled in excess of 300 students based on student counts throughout the year. During the year ended June 30, 2021, the School incurred rent expenditures of \$270,070. Future minimum commitments under the lease agreement are as follows:

<u>Year Ended June 30,</u>	
2022	\$ 400,000
2023	500,000
2024	<u>800,000</u>
Total	<u>\$ 1,700,000</u>

Advance from Landlord

In August 2020, the property owner advanced the School \$217,462. This advance is non-interest bearing and will be repaid at the end of the lease term by the School and is included in the statement of net position as a long-term liability.

NOTE 5 – FINANCED EQUIPMENT NOTE PAYABLES

In November 2017, the School entered into a promissory note payable for the certain equipment, textbooks, supplies and other start-up costs totaling \$928,420. The note requires 36 monthly payments of principal and interest of \$35,252 maturing in October 2020. The note bears interest rate at 8.00%. As of June 30, 2021, the note payable was fully paid.

In October 2018, the School entered into a second promissory note payable for other equipment, supplies and textbooks totaling \$411,978. The note requires 36 monthly payments of principal and interest of \$15,408 maturing in October 2021. The note bears interest rate at 8.00%. As of June 30, 2021, the balance remaining on the note payable was \$59,468. This balance is included in current liabilities since it will be fully paid in the next fiscal year. The following schedule provides a summary of changes on the note payables for the year ended June 30, 2021:

	<u>Balance</u> <u>July 1, 2020</u>	<u>Amount Financed</u>	<u>Payments</u>	<u>Balance</u> <u>June 30, 2021</u>
Financed equipment - Cencor Capital	\$ 146,062	\$ -	\$ 146,062	\$ -
Financed equipment - Cencor Capital	234,865	-	175,397	59,468
	<u>\$ 380,927</u>	<u>\$ -</u>	<u>\$ 321,459</u>	<u>\$ 59,468</u>

**INTERNATIONAL SCHOOL OF EXCELLENCE, INC.
D/B/A VICTORY CHARTER SCHOOL OF TAMPA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 6 – NOTE PAYABLE – PPP

In February 2021, the School received loan proceeds of \$338,075 through the Paycheck Protection Program (“PPP”). The loan proceeds are to be used for payroll, rent, utilities and interest expense. The loan matures on February 2026 and bears annual interest at 0.98%. The loan is payable monthly with a deferral of payments for the first ten months of the date of the loan. The loan and accrued interest are forgivable in whole or in part if used for the qualifying purposes as noted above. The note payable has been classified as long-term. The School has used the funds in accordance with the conditions noted above and believes the entire amount of the loan will be forgiven for the fiscal year ended June 30, 2022.

NOTE 7 – DEPOSITS POLICY AND CREDIT RISK

It is the School’s policy to maintain its cash and cash equivalents in one financial institution. Deposits at FDIC-insured financial institutions are insured up to \$250,000 per depositor, per financial institution. The School is a charter school under International School of Excellence, Inc. All bank accounts are opened under the account ownership of International School of Excellence, Inc., therefore, bank balances at times may potentially be in excess of FDIC coverage. As of June 30, 2021 the School’s bank balance that exceeded the FDIC coverage was \$0.

NOTE 8 – GRANTS

In the normal course of operations, the School receives grant funds from various federal, state and local agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of these audits is not reflected in these financial statements.

NOTE 9 – RISK MANAGEMENT

The School is exposed to various risks of loss related to torts, thefts of, damage to and destruction of assets, errors and omissions, and natural disasters for which the School carries commercial insurance. Settlement amounts have not exceeded insurance coverage in the past. In addition, there were no reductions in insurance coverage from those in the prior year. The School does not sponsor a public entity risk pool and has had no settlements that have exceeded their insurance coverage.

NOTE 10 – OTHER MATTERS

The World Health Organization (“WHO”) has declared the coronavirus (COVID-19), a global pandemic and public health emergency. At this point, the School cannot reasonably estimate the extent to which this disruption may continue to impact the School’s financial statements and future results of operations.

REQUIRED SUPPLEMENTAL INFORMATION

**INTERNATIONAL SCHOOL OF EXCELLENCE, INC.
D/B/A VICTORY CHARTER SCHOOL OF TAMPA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND
ACTUAL – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021**

	General Fund		
	Original Budget	Final Budget	Actual
REVENUES			
State passed through local	\$ 2,975,916	\$ 2,975,916	\$ 2,878,476
Charges for services	-	-	34,175
Other income	52,450	52,450	373,655
TOTAL REVENUES	3,028,366	3,028,366	3,286,306
EXPENDITURES			
Instruction	1,685,403	1,685,403	1,555,258
Instructional support services	19,745	19,745	360
Instruction and curriculum development services	5,000	5,000	3,210
Instructional staff training services	5,000	5,000	5,540
Instruction-related technology	25,000	25,000	24,914
Board	18,500	18,500	19,060
General administrative - district administrative fee	89,810	89,810	89,681
General administrative - management fee	232,009	232,009	281,022
General administrative - other	-	-	6,753
School administration	211,680	211,680	200,311
Facilities acquisition and construction - rent	65,000	65,000	56,974
Food services	8,325	8,325	90,202
Fiscal services	46,402	46,402	7,637
Pupil Transportation services	28,000	28,000	49,000
Operation of plant	231,500	231,500	216,416
Maintenance of plant	20,000	20,000	160,139
Administrative technology services	4,950	4,950	6,384
Other capital outlay	-	-	64,350
Debt service:	325,904	325,904	335,834
TOTAL EXPENDITURES	3,022,228	3,022,228	3,173,045
Change in fund balance before other financing sources	6,138	6,138	113,261
Other financing sources	-	217,462	217,462
Net change in fund balance	\$ 6,138	\$ 223,600	\$ 330,723

See accompanying note to the required supplemental information.

**INTERNATIONAL SCHOOL OF EXCELLENCE, INC.
D/B/A VICTORY CHARTER SCHOOL OF TAMPA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND
ACTUAL – SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2021**

	Special Revenue Funds		
	Original Budget	Final Budget	Actual
REVENUES			
Federal through State and Local	\$ 151,844	\$ 151,844	\$ 83,423
TOTAL REVENUE	<u>151,844</u>	<u>151,844</u>	<u>83,423</u>
EXPENDITURES			
Instructional services	151,844	151,844	365,875
Facilities acquisition & construction & other capital outlay	-	-	48,100
Maintenance of plant	-	-	7,523
TOTAL EXPENDITURES	<u>151,844</u>	<u>151,844</u>	<u>421,498</u>
Other financing sources	-	-	338,075
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying note to the required supplemental information.

**INTERNATIONAL SCHOOL OF EXCELLENCE, INC.
D/B/A VICTORY CHARTER SCHOOL OF TAMPA
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE A – BUDGETARY INFORMATION

Budgetary Basis of Accounting

The School's annual budget is adopted for the entire operations at the combined governmental level and may be amended by the Board. The budget presented for the year ended June 30, 2021, has been amended according to Board procedures. During the fiscal year, expenditures were controlled at the fund level.

Although budgets are adopted for the entire operation, budgetary comparisons have been presented for the general and special revenue funds for which a legally adopted budget exists.

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



GUTIERREZ MADARIAGA

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

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

Board of Directors of
International School of Excellence, Inc. d/b/a Victory Charter School of Tampa
Tampa, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of International School of Excellence, Inc. d/b/a Victory Charter School of Tampa (the "School"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated September 14, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Gutierrez Madariaga, CPA P.A.

GUTIERREZ MADARIAGA, CPA P.A.

Coral Gables, Florida

September 14, 2021



GUTIERREZ MADARIAGA

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

MANAGEMENT LETTER

Board of Directors of
International School of Excellence, Inc. d/b/a Victory Charter School of Tampa
Tampa, Florida

Report on the Financial Statements

We have audited the financial statements of International School of Excellence, Inc. d/b/a Victory Charter School of Tampa (the "School"), as of and for the fiscal year ended June 30, 2021, and have issued our report thereon dated September 14, 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 Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards. Disclosures in that report, which is dated September 14, 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. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.

Official Title

Section 10.854(1)(e)5, Rules of the Auditor General, requires the name or official title of the entity and the School code assigned by the Florida Department of Education be disclosed in this management letter. The official title of the entity is International School of Excellence, Inc. d/b/a Victory Charter School of Tampa, #297811.

Financial Condition and Management

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

Pursuant to Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, we applied financial condition assessment procedures for the School. It is management's responsibility to monitor the School's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by them. The financial condition assessment procedures applied in connection with our audit, have led us to believe that the School's overall financial condition as of June 30, 2021 is not deteriorating.

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

Transparency

Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require that we report the results of our determination as to whether the School 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 maintained on its website 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 we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Board of Directors, applicable management, and International School of Excellence, Inc. d/b/a Victory Charter School of Tampa, and is not intended to be and should not be used by anyone other than these specified parties.

Gutierrez Madariaga, CPA P.A.

GUTIERREZ MADARIAGA, CPA P.A.

Coral Gables, Florida

September 14, 2021