

Duval Charter School at Baymeadows

A Department of Renaissance Charter School, Inc.
(A Component Unit of the School Board of
Duval County, Florida)

Basic Financial Statements
For the Year Ended June 30, 2022



Duval Charter School at Baymeadows

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Duval Charter School at Baymeadows
A Department of Renaissance Charter School, Inc.
Jacksonville, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Duval Charter School at Baymeadows (the "School"), a Department of Renaissance Charter School, Inc. and a component unit of the School Board of Duval County, Florida, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the School, as of June 30, 2022, and the respective changes in financial position and the respective budgetary comparisons for the General Fund and Grants Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1, the financial statements of the School are intended to present the financial position and change in financial position of only that portion of the governmental activities and each major fund of Renaissance Charter School, Inc. that is attributable to the transactions of the School. They do not purport to, and do not, present fairly the financial position of Renaissance Charter School, Inc. as of June 30, 2022 and the changes in its financial position or budgetary comparisons, where applicable, for the year ended June 30, 2022 in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

CPA's + Trusted Advisors

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if 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.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 8 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 October 6, 2022 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 solely 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 the effectiveness of the School's 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.



KEEFE McCULLOUGH

Fort Lauderdale, Florida
October 6, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS



**Duval Charter School at Baymeadows
Management's Discussion and Analysis
June 30, 2022**

As management of Duval Charter School at Baymeadows (the "School"), a Department of Renaissance Charter School, Inc. and a component unit of the School Board of Duval County, Florida (the "School Board"), we offer readers of the School's basic financial statements this narrative overview and analysis of the financial activities of the School for the years ended June 30, 2022 and 2021.

Management's discussion and analysis is included at the beginning of the School's basic financial statements to provide, in layman's terms, the past and current position of the School's financial condition. This summary should not be taken as a replacement for the audit, which consists of the basic financial statements.

Financial Highlights

Our basic financial statements provide these insights into the results of the year's operations.

- As of June 30, 2022, the School's total fund balance was \$ 3,514,592 as compared to \$ 1,801,384 at June 30, 2021.
- As of June 30, 2022, the School had net position of \$ 898,281 as compared to net position of \$ 1,390,128 as of June 30, 2021.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the School's basic financial statements. The School's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements.

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, liabilities, and deferred inflows/outflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School is improving or deteriorating.

The statement of activities presents information showing how the School's net position changed during the 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 (e.g. uncollected revenues and services rendered but unpaid).

The government-wide financial statements include all governmental activities that are principally supported by grants and entitlements from the state for full-time equivalent funding. The School does not have any business-type activities. The governmental activities of the School primarily include instruction and instructional support services.

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

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, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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 basic government-wide financial statements, governmental fund basic financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the School's near-term financing requirements.

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 maintains several individual governmental funds. Information is presented in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances. The General Fund, Grants Fund and Capital Project Fund are considered to be the School's major funds.

The School adopts an annual budget for its governmental funds. A budgetary comparison statement has been provided for the General Fund and Grants Fund to demonstrate compliance with the budget.

The governmental fund financial statements can be found on pages 11 through 16 of this report.

Notes to Basic Financial Statements: The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to basic financial statements can be found on pages 17 through 27 of this report.

Government-Wide Financial Analysis

This is the School's eleventh year of operations; therefore, comparative government-wide data is being presented. The School's net position was \$ 898,281 at June 30, 2022. This amount represents net investment in capital assets (deficit) of \$ (8,688) restricted net position of \$ 118,300 and unrestricted net position of \$ 788,669. The School's net position was \$ 1,390,128 at June 30, 2021. This amount represented net investment in capital assets (deficit) of \$ (373,225), \$ 109,608 represented restricted net position and \$ 1,653,745 represented unrestricted net position.

**Duval Charter School at Baymeadows
Management's Discussion and Analysis
June 30, 2022**

Our analysis in the table below focuses on the net position of the School's governmental activities:

Duval Charter School at Baymeadows Net Position		
	June 30, 2022	June 30, 2021
Assets:		
Current and other assets	\$ 4,134,105	\$ 2,320,390
Noncurrent assets	13,191,723	10,624,022
Total assets	<u>17,325,828</u>	<u>12,944,412</u>
Deferred Outflows of Resources	<u>1,887,653</u>	<u>1,954,412</u>
Liabilities:		
Current liabilities	6,766,815	977,603
Noncurrent liabilities	11,548,385	12,531,310
Total liabilities	<u>18,315,200</u>	<u>13,508,913</u>
Net Position:		
Net investment in capital assets (deficit)	(8,688)	(373,225)
Restricted	118,300	109,608
Unrestricted	788,669	1,653,745
Total net position	<u>\$ 898,281</u>	<u>\$ 1,390,128</u>

Current and other assets increased mainly due to an increase in the restricted investments. Capital assets, net of depreciation increased due to depreciation expense of \$ 864,376 offset by asset additions of \$ 3,543,077. Current liabilities increased due to a new reporting requirement for leases. Noncurrent liabilities decreased due to payment of the School's lease.

Governmental Activities: The results of this year's operations for the School as a whole are reported in the statement of activities on page 10. The table below provides a condensed presentation of the School's revenues and expenses for the years ended June 30, 2022 and 2021:

Duval Charter School at Baymeadows Change in Net Position		
	June 30, 2022	June 30, 2021
Revenues:		
General revenues	\$ 9,026,459	\$ 9,451,998
Program revenues	3,399,204	1,979,180
Total revenues	<u>12,425,663</u>	<u>11,431,178</u>
Functions/Program Expenses:		
Instruction	5,754,132	4,304,940
Instructional support services	3,942,648	3,468,391
Noninstructional support services	3,220,730	2,940,587
Total expenses	<u>12,917,510</u>	<u>10,713,918</u>
Change in net position	<u>\$ (491,847)</u>	<u>\$ 717,260</u>

**Duval Charter School at Baymeadows
Management’s Discussion and Analysis
June 30, 2022**

General revenues decreased due to a decrease in state source revenues compared to the previous year. Program revenues increased compared to last year due to increase in grant funds. Total expenses increased due to increases in instructional, instructional support and non-instructional services.

Governmental Fund Expenditures

In the table below, we have presented the cost of the largest functions/programs as a percentage of total governmental expenditures:

Functions/Programs	2022		2021	
	Expenditures	Percent	Expenditures	Percent
Governmental expenditures:				
Instructional expenditures	\$ 5,433,153	35%	\$ 4,123,615	39%
Fiscal services	1,570,303	10%	1,525,149	14%
Debt service	999,331	6%	1,061,931	10%
Plant operations and maintenance	1,821,270	12%	1,303,396	12%
School administration	858,095	5%	1,176,666	11%
All other functions/programs	<u>5,029,375</u>	<u>32%</u>	<u>1,419,213</u>	<u>14%</u>
Total governmental expenditures	\$ <u>15,711,527</u>	<u>100%</u>	\$ <u>10,609,970</u>	<u>100%</u>

Capital Assets and Debt Administration

Capital assets: At June 30, 2022, the School had capital assets of \$ 13,071,473 net of accumulated depreciation and amortization, invested in intangible right to use assets, improvements other than buildings, furniture, fixtures and equipment and computer equipment as compared to \$ 10,392,772 at June 30, 2021.

Debt: At June 30, 2022, the School had outstanding debt of \$ 17,523,524 as compared to \$ 12,720,626 at June 30, 2021. Additional information on the School’s debt can be found in Notes 8 and 9 on pages 23 and 24 of this report.

General Fund Budgetary Highlights

State source revenues were unfavorable to the final budget due to a decrease in enrollment. Local source revenues were unfavorable to the final budget due to a reduction in e-rate revenue and interest income. Aftercare revenues also fell short of budget due to a reduction in overall program participation. Total General Fund revenues were unfavorable to the final budget by \$ 835,403. Total General Fund expenditures were unfavorable to the final budget by \$ 2,629,208 due to increases in school capital outlay expenditures. Overall, the School ended the year with a change in fund balance that was favorable to the final budget by approximately \$ 1,607,334.

Economic Factors and Next Year’s Budget

In fiscal year 2022, the State of Florida continued to include a teacher salary increase allocation (TSIA) of \$ 550 million. The capital outlay funding pool ended up at \$ 183.2 million. In addition to the TSIA, teachers also received a compensation increase to align overall salaries with district levels.

For fiscal year 2023, the teacher salary increase allocation will be \$ 800 million and will continue to be part of FEFP funding. A 2% merit increase for all staff was included in the budget. All other expenditures are budgeted in alignment with enrollment changes and the School’s strategic objectives.

Requests for Information

If you have questions about this report or need additional information, please contact Yeimy Guzman, Controller - School Accounting; Charter Schools USA, 800 Corporate Drive, Suite 700, Fort Lauderdale, Florida 33334.

BASIC FINANCIAL STATEMENTS

Duval Charter School at Baymeadows
Statement of Net Position
June 30, 2022

	Governmental Activities
Current Assets:	
Cash and cash equivalents	\$ 895,275
Due from other governments	508,435
Due from related party	9,643
Other receivables	7,415
Accrued interest receivable	771
Prepaid items	22,436
Deposits	23,420
Loan to related party	111,000
Restricted investments	2,555,710
	<hr/>
Total current assets	4,134,105
Noncurrent Assets:	
Capital assets (depreciable and amortizable), net of accumulated depreciation and amortization	13,071,473
Loan to related party	120,250
	<hr/>
Total noncurrent assets	13,191,723
	<hr/>
Total assets	17,325,828
Deferred Outflows of Resources:	
Deferred amount on renegotiation of lease	1,887,653
	<hr/>
Current Liabilities:	
Accounts payable and accrued liabilities	36,389
Salaries and wages payable	551,487
Due to management company	141,931
Due to related party	9,956
Compensated absences	38,935
Leases	5,988,117
	<hr/>
Total current liabilities	6,766,815
Noncurrent Liabilities:	
Compensated absences	12,978
Leases	11,535,407
	<hr/>
Total noncurrent liabilities	11,548,385
	<hr/>
Total liabilities	18,315,200
Commitments (Note 11)	
	-
Net Position:	
Net investment in capital assets (deficit)	(8,688)
Restricted for extracurricular activities	118,300
Unrestricted	788,669
	<hr/>
Total net position	\$ 898,281
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The accompanying notes to basic financial statements are an integral part of these statements.

Duval Charter School at Baymeadows
Statement of Activities
For the Year Ended June 30, 2022

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Governmental</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Activities</u>
					<u>Net Revenue (Expense) and Change in Net Position</u>
Functions/Programs:					
Instruction	\$ 5,754,132	\$ -	\$ 579,904	\$ -	\$ (5,174,228)
Student support services	489,338	-	-	-	(489,338)
Instructional media services	10	-	-	-	(10)
Instructional staff training services	35,387	-	9,013	-	(26,374)
Instructional related technology	140,408	-	-	-	(140,408)
Board	22,507	-	-	-	(22,507)
School administration	858,095	-	-	-	(858,095)
Fiscal services	1,570,303	-	-	-	(1,570,303)
Food services	500,767	3,244	500,767	-	3,244
Central services	45,181	-	-	-	(45,181)
Transportation services	53,179	-	-	-	(53,179)
Operation of plant	1,838,159	-	193,630	764,500	(880,029)
Maintenance of plant	528,072	-	17,244	-	(510,828)
Community services	115,915	239,273	-	-	123,358
Extracurricular activities	83,606	-	92,298	-	8,692
Interest on long-term debt	882,451	-	-	999,331	116,880
	<u>\$ 12,917,510</u>	<u>\$ 242,517</u>	<u>\$ 1,392,856</u>	<u>\$ 1,763,831</u>	<u>(9,518,306)</u>
Total governmental activities					
General revenues:					
Grants and entitlements					8,983,179
Interest income					43,280
Total general revenues					<u>9,026,459</u>
Change in net position					(491,847)
Net position, July 1, 2021					<u>1,390,128</u>
Net position, June 30, 2022					<u>\$ 898,281</u>

The accompanying notes to basic financial statements are an integral part of these statements.

Duval Charter School at Baymeadows
Balance Sheet - Governmental Funds
June 30, 2022

	<u>General Fund</u>	<u>Grants Fund</u>	<u>Capital Project Fund</u>	<u>Club and Activities Fund</u>	<u>Total</u>
Assets:					
Cash and cash equivalents	\$ 775,774	\$ -	\$ -	\$ 119,501	\$ 895,275
Due from other governments	-	455,341	53,094	-	508,435
Due from other funds	509,636	-	-	-	509,636
Due from related party	9,643	-	-	-	9,643
Other receivables	7,415	-	-	-	7,415
Loan to related party	231,250	-	-	-	231,250
Accrued interest receivable	771	-	-	-	771
Prepaid items	22,436	-	-	-	22,436
Deposits	23,420	-	-	-	23,420
Restricted investments	2,555,710	-	-	-	2,555,710
	<u>2,555,710</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,555,710</u>
Total assets	<u>\$ 4,136,055</u>	<u>\$ 455,341</u>	<u>\$ 53,094</u>	<u>\$ 119,501</u>	<u>\$ 4,763,991</u>
Liabilities:					
Accounts payable and accrued liabilities	\$ 36,389	\$ -	\$ -	\$ -	\$ 36,389
Salaries and wages payable	551,487	-	-	-	551,487
Due to management company	141,931	-	-	-	141,931
Due to related party	9,956	-	-	-	9,956
Due to other funds	-	455,341	53,094	1,201	509,636
	<u>-</u>	<u>455,341</u>	<u>53,094</u>	<u>1,201</u>	<u>509,636</u>
Total liabilities	<u>739,763</u>	<u>455,341</u>	<u>53,094</u>	<u>1,201</u>	<u>1,249,399</u>
Commitments (Note 11)	-	-	-	-	-
Fund Balances:					
Nonspendable:					
Prepaid items	22,436	-	-	-	22,436
Deposits	23,420	-	-	-	23,420
Loan to related party	120,250	-	-	-	120,250
Restricted for extracurricular activities	-	-	-	118,300	118,300
Restricted for capital projects	2,555,710	-	-	-	2,555,710
Assigned to subsequent year's budget	70,771	-	-	-	70,771
Unassigned	603,705	-	-	-	603,705
	<u>603,705</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>603,705</u>
Total fund balances	<u>3,396,292</u>	<u>-</u>	<u>-</u>	<u>118,300</u>	<u>3,514,592</u>
Total liabilities and fund balances	<u>\$ 4,136,055</u>	<u>\$ 455,341</u>	<u>\$ 53,094</u>	<u>\$ 119,501</u>	<u>\$ 4,763,991</u>

The accompanying notes to basic financial statements are an integral part of these statements.

Duval Charter School at Baymeadows
Reconciliation of the Balance Sheet of the Governmental Funds
to the Statement of Net Position
June 30, 2022

Total Fund Balances - Governmental Funds \$ 3,514,592

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

The cost of capital assets acquired is reported as an expenditure in the governmental funds. The statement of net position includes those capital assets, net of accumulated depreciation and amortization, among the assets of the School as a whole.

Cost of capital assets	\$ 18,568,742	
Accumulated depreciation and amortization	<u>(5,497,269)</u>	13,071,473

Liabilities not payable with current available resources are not reported as fund liabilities in the governmental fund statements. All liabilities both current and long-term, are reported in the government-wide statements.

Compensated absences	\$ (51,913)	
Leases	<u>(17,523,524)</u>	(17,575,437)

Governmental funds report the effect of premiums, discounts and refundings and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

1,887,653

Net Position of Governmental Activities \$ 898,281

The accompanying notes to basic financial statements are an integral part of these statements.

**Duval Charter School at Baymeadows
Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2022**

	<u>General Fund</u>	<u>Grants Fund</u>	<u>Capital Project Fund</u>	<u>Club and Activities Fund</u>	<u>Total</u>
Revenues:					
Federal through state	\$ -	\$ 1,249,275	\$ -	\$ -	\$ 1,249,275
State sources	9,023,644	-	582,782	-	9,606,426
Local sources	69,660	-	1,181,049	92,298	1,343,007
Aftercare	239,273	-	-	-	239,273
Total revenues	<u>9,332,577</u>	<u>1,249,275</u>	<u>1,763,831</u>	<u>92,298</u>	<u>12,437,981</u>
Expenditures:					
Instruction	5,386,141	47,012	-	-	5,433,153
Student support services	489,338	-	-	-	489,338
Instructional media services	10	-	-	-	10
Instructional staff training services	26,374	9,013	-	-	35,387
Instruction related technology	140,408	-	-	-	140,408
Board	22,507	-	-	-	22,507
School administration	858,095	-	-	-	858,095
Fiscal services	1,570,303	-	-	-	1,570,303
Food services	-	500,767	-	-	500,767
Central services	45,181	-	-	-	45,181
Transportation services	53,179	-	-	-	53,179
Operation of plant	373,435	155,263	764,500	-	1,293,198
Maintenance of plant	510,828	17,244	-	-	528,072
Community services	115,915	-	-	-	115,915
Extracurricular activities	-	-	-	83,606	83,606
Capital outlay	3,108,292	434,785	-	-	3,543,077
Debt service:					
Principal	-	-	201,903	-	201,903
Interest on long-term debt	-	-	797,428	-	797,428
Total expenditures	<u>12,700,006</u>	<u>1,164,084</u>	<u>1,763,831</u>	<u>83,606</u>	<u>15,711,527</u>
Excess (deficiency) of revenues over expenditures	<u>(3,367,429)</u>	<u>85,191</u>	<u>-</u>	<u>8,692</u>	<u>(3,273,546)</u>
Total Other Financing Sources (Uses):					
Proceeds from debt	4,986,754	-	-	-	4,986,754
Transfer out	-	(85,191)	-	-	(85,191)
Transfer in	85,191	-	-	-	85,191
Total other financing sources (uses)	<u>5,071,945</u>	<u>(85,191)</u>	<u>-</u>	<u>-</u>	<u>4,986,754</u>
Net change in fund balance	1,704,516	-	-	8,692	1,713,208
Fund Balances, July 1, 2021	<u>1,691,776</u>	<u>-</u>	<u>-</u>	<u>109,608</u>	<u>1,801,384</u>
Fund Balances, June 30, 2022	<u>\$ 3,396,292</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 118,300</u>	<u>\$ 3,514,592</u>

The accompanying notes to basic financial statements are an integral part of these statements.

**Duval Charter School at Baymeadows
Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances of the
Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2022**

Net Change in Fund Balances - Governmental Funds \$ 1,713,208

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, these costs are allocated over their estimated useful lives as a provision for depreciation and amortization.

Cost of capital assets	\$	3,543,077	
Provision for depreciation and amortization		<u>(864,376)</u>	2,678,701

Revenues that are earned but not received within the availability period are recognized in the statement of activities when earned and subsequently in the governmental fund financial statements when they become available. (12,318)

Debt proceeds current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. (4,986,754)

Principal payments on long-term debt are reported as an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 201,903

Certain items 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.

Change in compensated absences	\$	(1,564)	
Amortization of deferred charge on renegotiation of lease		(66,976)	
Amortization of costs associated with lease		<u>(18,047)</u>	<u>(86,587)</u>

Change in Net Position of Governmental Activities \$ (491,847)

The accompanying notes to basic financial statements are an integral part of these statements.

**Duval Charter School at Baymeadows
Statement of Revenues and Expenditures -
Budget and Actual - General Fund
For the Year Ended June 30, 2022**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
State sources	\$ 9,151,928	\$ 9,034,226	\$ 9,023,644	\$ (10,582)
Local sources	884,885	883,754	69,660	(814,094)
Aftercare	427,057	250,000	239,273	(10,727)
Total revenues	<u>10,463,870</u>	<u>10,167,980</u>	<u>9,332,577</u>	<u>(835,403)</u>
Expenditures:				
Instruction	4,430,695	5,161,113	5,386,141	(225,028)
Student support services	390,403	443,764	489,338	(45,574)
Instructional media services	-	10	10	-
Instruction and curriculum development services	630	-	-	-
Instructional staff training services	20,926	21,088	26,374	(5,286)
Instruction related technology	200,626	195,955	140,408	55,547
Board	43,561	18,746	22,507	(3,761)
School administration	689,546	711,834	858,095	(146,261)
Fiscal services	1,566,578	1,567,664	1,570,303	(2,639)
Central services	40,663	45,846	45,181	665
Transportation services	46,010	46,010	53,179	(7,169)
Operation of plant	1,253,332	1,116,759	373,435	743,324
Maintenance of plant	232,346	256,227	510,828	(254,601)
Community services	141,426	115,090	115,915	(825)
Capital outlay	79,130	63,380	3,108,292	(3,044,912)
Debt service:				
Principal	201,903	201,903	-	201,903
Interest	95,249	105,409	-	105,409
Total expenditures	<u>9,433,024</u>	<u>10,070,798</u>	<u>12,700,006</u>	<u>(2,629,208)</u>
Excess (deficiency) of revenues over expenditures	<u>1,030,846</u>	<u>97,182</u>	<u>(3,367,429)</u>	<u>(3,464,611)</u>
Other Financing Sources (Uses):				
Proceeds from debt	-	-	4,986,754	4,986,754
Transfer in	-	-	85,191	85,191
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>5,071,945</u>	<u>5,071,945</u>
Net change in fund balance	<u>\$ 1,030,846</u>	<u>\$ 97,182</u>	<u>\$ 1,704,516</u>	<u>\$ 1,607,334</u>

The accompanying notes to basic financial statements are an integral part of these statements.

**Duval Charter School at Baymeadows
Statement of Revenues and Expenditures -
Budget and Actual - Grants Fund
For the Year Ended June 30, 2022**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Federal sources:				
National School Lunch Program	\$ 253,547	\$ 478,078	\$ 648,463	\$ 170,385
Title II	16,715	-	69,036	69,036
Title IV	6,289	6,289	6,857	568
ESSER I	385,934	-	17,284	17,284
ESSER II	-	891,172	506,608	(384,564)
ESSER III	-	186,534	-	(186,534)
GEER	-	-	1,027	1,027
	<u>662,485</u>	<u>1,562,073</u>	<u>1,249,275</u>	<u>(312,798)</u>
Total revenues				
Expenditures:				
Instruction	131,901	444,505	47,012	397,493
Instructional staff training services	16,715	-	9,013	(9,013)
School administration	116,917	36,053	-	36,053
Food services	235,069	293,475	500,767	(207,292)
Operation of plant	18,478	192,170	155,263	36,907
Maintenance of plant	-	13,341	17,244	(3,903)
Community services	15,020	-	-	-
Capital outlay	128,385	582,529	434,785	147,744
	<u>662,485</u>	<u>1,562,073</u>	<u>1,164,084</u>	<u>397,989</u>
Total expenditures				
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>85,191</u>	<u>85,191</u>
Other Financing Sources (Uses):				
Transfer out	<u>-</u>	<u>-</u>	<u>(85,191)</u>	<u>(85,191)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes to basic financial statements are an integral part of these statements.

Note 1 - Organization and Operations

Duval Charter School at Baymeadows (the "School"), a Department of Renaissance Charter School, Inc. and a component unit of the Duval County School Board, Florida, was established in July 2011 as a public charter school to serve students from kindergarten to eighth grade in Duval County. Renaissance Charter School, Inc. is a Florida nonprofit corporation organized in August 1998. There were 1,240 students enrolled for the 2021/2022 school year.

The basic financial statements of the School present only the balances, activity and disclosures related to the School. They do not purport to, and do not, present fairly the financial position of Renaissance Charter School, Inc. as of June 30, 2022, and its changes in financial position or budgetary comparisons, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America. Accordingly, these financial statements only include balances, activity and disclosures related to the School.

Note 2 - Summary of Significant Accounting Policies

Reporting entity: The School operates under a charter granted by the sponsoring School Board, the Duval County School Board (the "School Board"). The current charter is effective until June 30, 2031 and may be renewed by mutual written agreement between the School and the School Board. 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 ninety days prior to the charter's expiration. During the term of the charter, the School Board may also terminate the charter if good cause is shown. Duval Charter School at Baymeadows is considered a component unit of the Duval County School Board.

The School may also be financially accountable if an organization is fiscally dependent on the School regardless of whether the organization has a separately elected governing board, a governing board appointed by another government, or a jointly approved board. In addition, component units can be other organizations for which the nature and significance of their relationship with the School are such that exclusion would cause the basic financial statements to be misleading or incomplete.

As a result of evaluating the above criteria, management has determined that no component units exist for which the School is financially accountable which would require inclusion in the School's financial statements.

Basis of presentation: Based on the guidance presented in the American Institute of Certified Public Accountants Audit and Accounting Guide - Not-for-Profit Organizations and provisions of Section 228.056, Florida Statutes, the School is presented as a governmental organization for financial statement reporting purposes.

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

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

Note 2 - Summary of Significant Accounting Policies (continued)

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

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

The School's major governmental funds are as follows:

General Fund - This fund is used to account for all operating activities of the School except for those required to be accounted for in another fund.

Grants Fund - This special revenue fund is used to account for federal grants and certain state grants that are legally restricted to expenditures for particular purposes.

Capital Project Fund - This fund is used to account for state and local capital outlay funding that is legally restricted to expenditures for particular purposes.

Club and Activities Fund - This special revenue fund is used to administer funds raised and earned by the various clubs and activities that are part of the School.

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

The government-wide financial statements are prepared using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of the related cash flows.

Governmental fund financial statements are prepared using the modified accrual basis of accounting. Revenues are recognized when they become measurable and available. Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The School considers revenues to be available if they are collected within one hundred twenty days of the end of the current period. Under the modified accrual basis of accounting, sixty are generally recognized when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized when due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under leases are reported as other financing sources.

Cash and cash equivalents: The School considers all demand accounts and short-term investments with a maturity of three months or less when purchased to be cash and cash equivalents.

Note 2 - Summary of Significant Accounting Policies (continued)

The School maintains its cash accounts with one financial institution. The School's accounts at this institution, at times, may exceed the federally insured limit. The School has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk (Note 3).

Prepaid items: Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Revenue recognition: Student funding is provided by the State of Florida through the School Board. Such funding is recorded as entitlement revenue in the government-wide financial statements and state source revenue in the fund financial statements. This funding is received on a prorata basis over a twelve-month period and is adjusted for changes in full-time equivalent (FTE) student population.

Income taxes: The School is a division of a nonprofit corporation. Revenue of the School is derived primarily from other governmental entities. The School is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in these financial statements.

Capital assets: Property and equipment purchased or acquired are capitalized at historical cost or estimated historical cost. Capital assets are defined by the School as assets with an initial cost of \$ 750 and useful life of over one year. Donated property and equipment are reported at acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized and depreciated over the remaining useful lives of the related fixed assets. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation on all assets is provided on the straight-line basis over the estimated useful lives as follows:

Furniture, fixtures and equipment	5 years
Computer equipment	3 years
Improvements other than buildings	10 years

The School has recorded a right to use lease asset as a result of implementing GASB 87. The right to use asset is initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use asset is amortized on a straight-line basis over the life of the related lease.

Deferred outflows/inflows of resources: In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The School has one item that qualifies for reporting in this category. The government-wide statement of net position reports a deferred amount on renegotiation of lease.

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

Note 2 - Summary of Significant Accounting Policies (continued)

Unearned revenue: Unearned revenue arises when the School receives resources before it has a legal claim to them.

Compensated absences: The School's policy permits employees to accumulate earned but unused paid time off, which is eligible for payment upon separation from service. The liability for such leave is reported as incurred in the government-wide financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable. Payments for compensated absences are generally paid out of the General Fund.

Net position: Net position is classified in three categories. The general meaning of each is as follows:

- Net investment in capital assets - represents the difference between the cost of capital assets, less accumulated depreciation reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets.
- Restricted - consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- Unrestricted - indicates that portion of net position that is available to fund future operations.

Fund balance: The governmental fund financial statements present fund balances based on the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides more clearly defined fund balance classifications and also sets a hierarchy which details how the School may spend funds based on certain constraints. The following are the fund balance classifications used in the governmental fund financial statements:

- Nonspendable - this classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The School classifies inventories, prepaid items, long-term notes receivable and deposits as nonspendable since they are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- Restricted - this classification includes amounts that are restricted for specific purposes by external parties such as grantors and creditors or are imposed by law through constitutional provisions or enabling legislation.
- Committed - this classification includes amounts that can be used for specific purposes voted on through formal action of the Board of Directors (the highest level of decision making authority). The committed amount cannot be used for any other purpose unless the Board of Directors removes or changes the commitment through formal action.
- Assigned - this classification includes amounts that the Board of Directors intends to use for a specific purpose, but they are neither restricted nor committed. The School classifies existing fund balance to be used in the subsequent year's budget for elimination of a deficit as assigned.

Note 2 - Summary of Significant Accounting Policies (continued)

- Unassigned - this classification includes amounts that have not been restricted, committed or assigned for a specific purpose within the General Fund.

The details of the fund balances are included in the Governmental Fund Balance Sheet on page 11.

When the School incurs expenditures for which restricted or unrestricted fund balance is available, the School would consider restricted funds to be spent first. When the School has expenditures for which committed, assigned or unassigned fund balance is available, the School would consider committed funds to be spent first, then assigned funds and lastly unassigned funds.

Use of estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Budget: An operating budget is adopted and maintained by the governing board for the School pursuant to the requirements of Florida Statutes. The budget is adopted using the same basis of accounting that is used in the preparation of the basic financial statements.

Date of management review: Subsequent events were evaluated by management through October 6, 2022, which is the date the financial statements were available to be issued.

Note 3 - Cash and Cash Equivalents

At June 30, 2022, the carrying amount of the deposits and cash on hand totaled \$ 895,275 with a bank balance of \$ 918,745.

State statutes require, and it is the School’s policy, that all deposits be made into, and be held by, financial institutions designated by the Treasurer of the State of Florida as “qualified public depositories” as defined by Chapter 280 of the Florida Statutes. This Statute requires that every qualified public depository institution maintain eligible collateral to secure the public entity’s funds. The minimum collateral to be pledged by an institution, the collateral eligible for pledge, and the reporting requirements of the qualified public depositor to the Treasurer is defined by statute. Collateral is pooled in a multiple qualified public depository institution pool with the ability to assess members of the pool should the need arise. The School’s deposits are held in a qualified public depository and are covered by the collateral pool because the School has identified itself as a public entity.

Note 4 - Interfund Receivables and Payables and Interfund Transfers

The composition of interfund balances as of June 30, 2022 is as follows:

Due To/From Other Funds		
Receivable Fund	Payable Fund	Amount
General Fund	Grants Fund	\$ 455,341
General Fund	Capital Project Fund	53,094
General Fund	Club and Activities Fund	1,201
		\$ 509,636

The outstanding balances between funds results mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Note 4 - Interfund Receivables and Payables and Interfund Transfers (continued)

The composition of interfund transfers for the year ended June 30, 2022 is as follows:

	<u>Transfers In</u>
	<u>General</u>
	<u>Fund</u>
Transfers Out:	
Grants Fund	\$ <u>85,191</u>

During the year, transfers were used to move prior year unavailable revenue that was received in fiscal year 2022 to the General Fund and to reimburse the General Fund for prior year grant expenditures.

Note 5 - Due From/To Related Parties

The School is a Department of Renaissance Charter School, Inc. ("RSI"). The due from/to balances represent amounts that are due from/to RCS and other schools that share common board membership and are department of RCS.

Note 6 - Loan to Related Party

Previously, the School, loaned DCHSB funds for general working capital purposes. Principal payments of \$ 9,250 plus interest at 4.0% are payable in monthly installments through June 2024.

The following is a schedule of the future minimum payments as of June 30, 2022:

	<u>Year Ending</u>	
	<u>June 30,</u>	
	2023	\$ 111,000
	2024	<u>120,250</u>
		\$ <u>231,250</u>

Note 7 - Capital Assets

Capital asset balances and activity for the year ended June 30, 2022 are as follows:

	<u>Balance at</u>		<u>Balance at</u>
	<u>July 1,</u>		<u>June 30,</u>
	<u>2021, as</u>	<u>Additions</u>	<u>2022</u>
	<u>Reclassified</u>		
Capital assets being depreciated/ amortized:			
Improvements other than building	\$ 1,531,041	\$ 42,809	\$ 1,573,850
Furniture, fixtures and equipment	1,158,458	263,728	1,422,186
Computer equipment	1,317,551	146,696	1,464,247
Intangible right to use:			
Building	10,972,695	3,089,844	14,062,539
Computer equipment	45,920	-	45,920
	<u>15,025,665</u>	<u>3,543,077</u>	<u>18,568,742</u>
Total capital assets being depreciated/amortized			

Duval Charter School at Baymeadows
Notes to Basic Financial Statements
June 30, 2022

Note 7 - Capital Assets (continued)

	Balance at July 1, 2021, as Reclassified	Additions	Deletions	Balance at June 30, 2022
Accumulated depreciation/ amortization:				
Improvements other than building	331,916	153,646	-	485,562
Furniture, fixtures and equipment	968,563	33,227	-	1,001,790
Computer equipment	1,059,634	270,882	-	1,330,516
Intangible right to use:				
Building	2,269,162	391,315	-	2,660,477
Computer equipment	3,618	15,306	-	18,924
	<u>4,632,893</u>	<u>864,376</u>	<u>-</u>	<u>5,497,269</u>
Total accumulated depreciation/ amortization	<u>4,632,893</u>	<u>864,376</u>	<u>-</u>	<u>5,497,269</u>
Net capital assets being depreciated/amortized	\$ <u>10,392,772</u>	\$ <u>2,678,701</u>	\$ <u>-</u>	\$ <u>13,071,473</u>

Provision for depreciation and amortization was charged to governmental activities as follows:

Instruction	\$ 319,415
Operation of plant	<u>544,961</u>
	<u>\$ 864,376</u>

Note 8 - Leases

The School amended its lease arrangement with Red Apple at Baymeadows, LLC for use of its facility. The original lease arrangement was entered into as part of a transaction consisting of a bond issuance by the Renaissance Charter School, Inc. and Red Apple Development, Inc. (Note 11) and was amended when the Series 2020 Bonds were issued to refund the Series 2011 Bonds. The lease is through June 2065 and requires monthly principal and interest payments through June 2050. As of June 30, 2022, the net book value of the leased facility is approximately \$ 11,402,000. Amortization of the leased facility is included with depreciation expense.

In addition to the Series 2020 Bonds, the School through Renaissance Charter School, Inc. and Red Apple at Baymeadows, LLC, issued Series 2021 Bonds which were used to finance and refinance the costs of expansion of the School. The funds from the Series 2021 Bonds were also used to fund a debt service reserve and pay for costs of issuance. As a result of this additional financing the lease described above was amended to include payments on both the Series 2020 and Series 2021 bonds. The Series 2021 bonds are expected to be refinanced by December of 2022 and will result in an additional lease amendment.

Duval Charter School at Baymeadows
Notes to Basic Financial Statements
June 30, 2022

Note 8 - Leases (continued)

Future minimum payments June 30, 2022 are approximately as follows:

Year Ending June 30,	Principal	Interest	Total
2023	\$ 5,972,333	\$ 1,133,059	\$ 7,105,392
2024	222,764	776,980	999,744
2025	233,940	765,993	999,933
2026	245,860	754,444	1,000,304
2027	257,780	742,313	1,000,093
2028-2032	1,491,549	3,505,745	4,997,294
2033-2037	1,936,332	3,061,882	4,998,214
2038-2042	2,528,630	2,468,750	4,997,380
2043-2047	3,378,709	1,619,009	4,997,718
2048-2050	2,172,823	436,512	2,609,335
	<u>\$ 18,440,720</u>	<u>\$ 15,264,687</u>	<u>\$ 33,705,407</u>

The School previously entered into a capital lease for computer equipment. The lease requires monthly payments of \$ 1,357 including interest at 3.10% through June 2023. As of June 30, 2022, the net book value of the leased computer equipment is approximately \$ 27,000. Amortization of the leased computer equipment is included with depreciation expense.

Future minimum payments at June 30, 2022 are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	\$ 15,784	\$ 497	\$ 16,281

Note 9 - Long-Term Liabilities

Changes in the School's long-term liabilities for fiscal year ended June 30, 2022 are as follows:

	Balance at July 1, 2021	Additions	Retirements	Amortization	Balance at June 30, 2022	Amount Due Within One Year
Lease - building, net of unamortized costs of \$ 932,980	\$ 12,704,842	\$ 4,986,754	\$ 201,903	\$ 18,047	\$ 17,507,740	\$ 5,972,333
Lease - computer equipment	15,784	-	-	-	15,784	15,784
Compensated absences	50,349	148,477	146,913	-	51,913	38,935
	<u>\$ 12,770,975</u>	<u>\$ 5,135,231</u>	<u>\$ 348,816</u>	<u>\$ 18,047</u>	<u>\$ 17,575,437</u>	<u>\$ 6,027,052</u>

Note 10 - Employee Benefit Plan

During the year ended June 30, 2022, the School offered all of its full-time employees who had attained 21 years of age, a retirement plan (the “Plan”) under Internal Revenue Code Section 401(k). The employee is allowed to contribute up to a maximum of 100% of his/her annual gross compensation, subject to certain limitations. The Plan provides for a discretionary employer matching contribution of the participant’s annual elective deferral to the Plan. As determined annually by the School’s management, the School may also make a discretionary profit sharing contribution, which is allocated among the participants based on a pro rata formula. Participants are immediately vested in their own contributions and earnings on those contributions. Participants become vested in School contributions and earnings on School contributions according to the following schedule:

<u>Years of Service</u>	<u>Vesting Percentage</u>
1	25%
2	50%
3	75%
4	100%

Nonvested contributions are forfeited upon termination of employment and such forfeitures are used to reduce any employer contribution. For the Plan year ending December 31, 2021, the School had of forfeitures of \$ 6,383. For the year ended June 30, 2022, the School contributed a matching amount of \$ 22,774.

Note 11 - Commitments

Management agreement: The School has a formal agreement with Charter Schools USA at Baymeadows, LLC (“CSUSA”) to manage, staff and operate the School. The agreement states that CSUSA shall be entitled to cost reimbursements and management fees (the “fee”) for its services, subject to availability of funds. The fee is subordinated to all lease payment requirements (Note 7). The agreement will automatically renew for five year periods unless terminated by either party. The fee ranges from \$ 1,858,377 for fiscal year 2023 to \$ 3,023,915 for fiscal year 2050 or the budgeted amount approved by the Board of Directors based on enrollment and School performance. Total cost reimbursements and management fees amounted to \$ 1,566,578 for the year ended June 30, 2022.

The School also has an amount due to CSUSA of \$ 141,931 at June 30, 2022. This amount is shown on the basic financial statements as amount due to management company.

Lease agreement: In March 2020, the Florida Development Finance Corporation (the “Corporation”) issued \$ 95,565,000 in Tax Convertible Educational Facilities Revenue Bonds, Series 2020A and \$ 450,000 in Taxable Educational Facilities Revenue Bonds, Series 2020B pursuant to an Indenture of Trust between the Corporation and a trustee to make a loan to Renaissance Charter Schools, Inc. (“REN”), a division of which the School exists, and Red Apple Development, LLC and subsidiaries (“RAD”) to refund the Series 2011 Tax Exempt Educational Facilities Revenue Bonds which financed the acquisition of the facilities of six charter schools existing under Renaissance Charter Schools, Inc. In order to secure the payment of the principal and interest on the bonds, the Corporation assigned all of its rights and interest in the loan agreement to the trustee. The bonds are payable from and secured by a lien upon and pledge of payments to be received by the trustee.

Note 11 - Commitments (continued)

Concurrent with the preceding loan transaction, RAD, through its wholly-owned subsidiaries, amended its four lease agreements with REN. The facilities which are owned by RAD are leased by REN on behalf of the schools under a 45-year lease (Note 8). The leases are deemed to be intangible right to use leases and the lease payments are based on the debt service requirements of the bonds which extend through June 2050. These payments are made from the revenues received from the School Board of Duval County for the operation of the Schools. REN is obligated under the Indenture to deposit all Charter revenues received from the School Board and additional revenues, if any, directly with the trustee during the term of the lease. The payments are applied by the trustee to make sinking fund payments and pay for operating expenses.

In December 2021, the Florida Development Finance Corporation (the "Corporation") issued \$ 8,000,000 in Taxable Educational Revenue Bonds, Series 2021 pursuant to an Indenture of Trust between the Corporation and a trustee to make a loan to Renaissance Charter Schools, Inc. ("REN"), a division of which the School exists, and Red Apple Development at Baymeadows, LLC and subsidiaries ("RAD") to expand the charter school facilities for two charter schools existing under Renaissance Charter Schools, Inc. In order to secure the payment of the principal and interest on the bonds, the Corporation assigned all of its rights and interest in the loan agreement to the trustee. The bonds are payable from and secured by a lien upon and pledge of payments to be received by the trustee. Concurrent with this transaction, the leases noted above were amended to include the Series 2021 bonds.

In addition to the lease payments noted in Note 8, the School is required to pay incremental rent payments to RAD. The incremental rent payments range from approximately \$ 376,200 to \$ 1,073,500 per year over the term of the agreement which is through June 2065. For the year ending June 30, 2022, \$ 341,481 was paid in incremental rent.

Post-retirement benefits: The School does not provide post-retired benefits to retired employees.

Note 12 - Capital Appropriations Funding

The Florida Department of Education has approved a Charter School Capital Outlay (CSCO) award for the School. In each year that funds are appropriated by the state for charter school capital outlay purposes those funds are allocated among eligible charter schools. The funds for the School's allocation are transferred to the School once a CSCO Plan has been provided to and approved by the sponsoring board. The School's CSCO Award totaled \$ 582,782 for the 2021/2022 school year which has been recognized as revenue in the accompanying financial statements. If the CSCO funds are used to acquire tangible property assets, the School Board has a reversionary interest in those assets. In the event of nonrenewal, termination, or breach of the charter school agreement, ownership of the assets would automatically revert to the School Board. The School has elected to use these funds to pay a portion of the interest expense on the capital lease.

Local Capital Improvement Revenue (LCIR) funds are also appropriated by the School Board for charter school capital outlay purposes, with funds being allocated among eligible charter schools in a similar manner to the CSCO award. The School's LCIR Award totaled \$ 1,181,049 for the 2021/2022 school year which has been recognized as revenue in the accompanying financial statements.

Note 13 - Risk Management

The School is exposed to various risks of loss related to torts, thefts of, damage to, and destruction of assets and natural disasters. The School has obtained property insurance from commercial companies including, but not limited to, general liability and errors and omissions insurance. There have been no claims in excess of insurance coverage limits during the past three years.

As disclosed in Note 11, CSUSA employs all of the employees of the School. As a result, the School is not exposed to medical or workers' compensation claims for these individuals. In addition, CSUSA carries all required insurance including, but not limited to, general liability and errors and omissions insurance.

OTHER INDEPENDENT AUDITOR'S REPORTS



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

To the Board of Directors
Duval Charter School at Baymeadows
A Department of Renaissance Charter School, Inc.
Jacksonville, 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 and each major fund of Duval Charter School at Baymeadows (the "School"), a Department of Renaissance Charter School, Inc. and a component unit of the School Board of Duval County, Florida, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated October 6, 2022.

Report on 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) 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'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 or significant deficiencies may exist that were not identified.

Report on 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 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.



KEEFE McCULLOUGH

Fort Lauderdale, Florida
October 6, 2022

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF DIRECTORS

To the Board of Directors
Duval Charter School at Baymeadows
A Department of Renaissance Charter School, Inc.
Jacksonville, Florida

Report on the Financial Statements

We have audited the financial statements of Duval Charter School at Baymeadows (the "School"), a Department of Renaissance Charter School, Inc., and a component unit of the School Board of Duval County, Florida, as of and for the year ended June 30, 2020, and have issued our report thereon dated October 6, 2022.

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 on 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 October 6, 2022, 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 recommendations made in the preceding audit report.

Official Title

Section 10.854(1)(e)5., Rules of the Auditor General, requires that the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title and the school code assigned by the Florida Department of Education are Duval Charter School at Baymeadows and 161321.

Financial Condition and Management

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

Pursuant to Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, we applied financial condition assessment procedures for the School. It is management's responsibility to monitor the School's financial condition, and our financial condition assessment was based in part on representations made by management and 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 did not have any such recommendations.

Transparency

Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether the School maintains on its 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 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.

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 and applicable management and is not intended to be, and should not be, used by anyone other than these specified parties.



KEEFE McCULLOUGH

Fort Lauderdale, Florida
October 6, 2022