

**GULFSTREAM GOODWILL TRANSITIONS TO
LIFE ACADEMY, INC.**

(A division of Gulfstream Goodwill Academies, Inc.)

**BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

Year Ended June 30, 2022

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INDEPENDENT AUDITOR'S REPORT



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Gulfstream Goodwill Academies, Inc.
Palm Beach, Florida

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Gulfstream Goodwill Transition to Life Academy, Inc. (the "School"), a division of Gulfstream Goodwill Academies, Inc. (the "Charterholder"), 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, each major fund, and the aggregate remaining fund information of the School, as of June 30, 2022, and the respective changes in financial position, and, where applicable, 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.

Responsibilities of Management 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, 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 America.

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.

To the Board of Directors of
Gulfstream Goodwill Academies, Inc.

INDEPENDENT AUDITOR'S REPORT *(Continued)*

Auditor's Responsibility 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, Pension Schedules and budgetary comparison information, as listed in the table of contents, 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 and other auditors 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.

To the Board of Directors of
Gulfstream Goodwill Academies, Inc.

INDEPENDENT AUDITOR’S REPORT
(Concluded)

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School’s basic financial statements as a whole. The Other Supplementary Information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the Other Supplementary Information, as listed in the table of contents, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Emphasis-of-Matter

Change in Accounting Principle

As discussed in Note J to the financial statements, in the year ended June 30, 2022, the School adopted the provisions of Government Accounting Standards Board Statement (“GASBS”) Number 87, *Leases*. Our opinion is not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 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 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.

MSL, P.A.

Certified Public Accountants

Fort Lauderdale, Florida
September 29, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS
(MD&A)
(UNAUDITED)

Management's Discussion and Analysis

As management of Gulfstream Goodwill Transitions to Life Academy, Inc. (the "School"), a division of Gulfstream Goodwill Academies, Inc. (the "Charterholder"), we offer readers of the School's financial statements this narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2022, to (a) assist the reader in focusing on significant financial issues, (b) provide an overview and analysis of the School's financial activities, (c) identify changes in the School's financial position, (d) identify material deviations from the approved budget, and (e) highlight significant issues in individual funds.

Because the information contained in the Management's Discussion and Analysis ("MD&A") is intended to highlight significant transactions, events, and conditions, it should be considered in conjunction with the basic financial statements found as listed in the table of contents.

Financial Highlights

- The liabilities and deferred inflows of the School exceeded its assets and deferred outflows at the close of the most recent fiscal year by \$97,556 (net deficit).
- The School's total net position decreased by \$74,086, from a net deficit of \$23,470 as of June 30, 2021.
- As of the close of the current fiscal year, the School's governmental funds reported combined ending fund balance of \$36,054, a decrease of \$96,630 in comparison with the prior year.

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 financial statements. This report also contains 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 (deficit) presents information on all of the School's assets, liabilities, and deferred outflows/inflows of resources with the differences reported as net position (deficit). 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 most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the School that are principally supported by district, state, and federal funding (governmental activities). Exceptional instruction, school administration, and facilities are examples of the School's governmental activities.

The government-wide financial statements include only the School itself, a division of the Charterholder.

The government-wide financial statements can be found as listed in the table of contents of this report.

Fund financial statements. A fund is a collection of related accounts grouped together to maintain control over resources that have been segregated for specific activities or objectives. The School, like state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the operations of the School are presented in governmental funds only.

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

Since 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 three individual government funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund and capital outlay fund which are considered to be major funds. All other non-major funds are presented together under other governmental funds.

The governmental fund financial statements can be found as listed in the table of contents of this report.

Budgetary highlights. The School adopts an annual appropriated budget for its entire operation. Budgetary comparison schedules and a note to these schedules have been provided to demonstrate compliance and can be found as listed in the table of contents of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found starting as listed in the table of contents of this report.

Government-Wide Financial Analysis

As noted previously, net position may serve over time as a useful indicator of the School's financial position. In the case of the School, liabilities exceeded its assets by \$97,556 and \$23,470 net deficit as of June 30, 2022 and 2021, respectively.

A portion of the School's net position reflects its net investment in capital assets (e.g., furniture, fixtures and equipment, and computers and peripherals). The School uses these capital assets to provide services to students; consequently, these assets are not available for future spending.

Comparison of the condensed statement of net position (deficit) is provided below:

Gulfstream Goodwill Transitions to Life Academy, Inc. Statement of Net Position (Deficit)

	<u>Governmental Activities</u>		
	<u>2022</u>	<u>2021</u>	<u>Variance</u>
Current assets	\$ 107,317	\$ 229,530	\$ (122,213)
Capital assets, net	55,182	3,157	52,025
Total assets	162,499	232,687	(70,188)
Deferred outflows of resources	76,155	60,252	15,903
Current liabilities	71,2263	96,846	(25,583)
Lease payable	53,053	-	53,053
Net pension liability	86,079	167,411	(81,332)
Total liabilities	210,395	264,257	(53,862)
Deferred inflows of resources	125,815	52,152	73,663
Net investment in capital assets	2,129	3,157	(1,028)
Unrestricted	(99,685)	(26,627)	(73,058)
Total net position (deficit)	<u>\$ (97,556)</u>	<u>\$ (23,470)</u>	<u>\$ (74,086)</u>

The decrease in current assets is mainly due to decreases in revenue as enrollment decreased. The increase in deferred outflows is due to changes in actual assumptions. The total liabilities amount is due to the increase in retirement, insurance and security costs.

Comparison of the condensed statement of activities is provided below:

Gulfstream Goodwill Transitions to Life Academy, Inc.

Statement of Activities

	<u>2022</u>	<u>2021</u>	<u>Variance</u>
Revenues:			
Program revenues:			
Operating grants and contributions	\$ 114,778	\$ 99,655	\$ 15,123
General revenues:			
State passed through school district	819,348	987,624	(168,276)
Other revenues	<u>253,508</u>	<u>233,861</u>	<u>19,647</u>
Total revenues	<u>1,187,634</u>	<u>1,321,140</u>	<u>(133,506)</u>
Expenses:			
Exceptional instruction	551,420	542,928	8,492
Staff development	384	1,500	(1,116)
Board of Directors	16,376	14,548	1,828
General administration	18,703	24,538	(5,835)
School administration	260,237	259,038	1,199
Facilities	57,436	52,732	4,704
Fiscal services	23,587	29,531	(5,944)
Transportation	58,070	34,350	23,720
Operation of plant	264,423	253,493	10,930
Maintenance of plant	7,830	7,885	(55)
Community service	355	7,520	(7,165)
Interest on long-term payable	<u>2,899</u>	<u>-</u>	<u>2,899</u>
Total expenses	<u>1,261,720</u>	<u>1,228,063</u>	<u>33,657</u>
Change in net position (deficit)	(74,086)	93,077	(167,163)
Net position (deficit) - beginning	<u>(23,470)</u>	<u>(116,547)</u>	<u>93,077</u>
Net position (deficit) - ending	<u>\$ (97,556)</u>	<u>\$ (23,470)</u>	<u>\$ (74,086)</u>

State passed through school district revenue decreased primarily due to a decrease in enrollment. Other revenues decreased as a result of the lower enrollment. The increase in exceptional instruction expense is primarily due to one employee who was reclassified from Job Trainer to ESE Teacher in exceptional education which involved a significant salary increase. The increase in facilities expense is primarily due to the automatic annual lease increase. The increase in operation of plant is primarily due to increases in insurance costs. The decrease in transportation is due to the lower enrollment.

Governmental activities. Net position decreased by \$74,086 for the year ended June 30, 2022, and increased by \$93,077 for the year ended June 30, 2021.

Financial Analysis of the Government's Funds

As noted previously, 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 the School's net resources available for spending at the end of the fiscal year.

The general fund is the operating fund of the School. At the end of the current fiscal year, unassigned fund balance of the general fund was \$34,054. During the current fiscal year, the fund balance of the School's general fund decreased by \$96,630.

General Fund Budgetary Highlights

Actual general fund revenues and expenditures were less than budgeted amounts. The budgetary information can be found as listed in the table of contents of this report.

Capital Asset and Debt Administration

Capital assets. The School's net investment in capital assets for its governmental activities as of June 30, 2022, amounts to \$2,219. This net investment in capital assets includes furniture, fixtures and equipment, computers and peripherals, and a right-to-use leased asset. Additional information on the School's capital assets can be found in Note C of the Notes to the Basic Financial Statements.

Debt administration. At the end of the current fiscal year, the School had a lease payable outstanding of \$53,053. The School's payable decreased by \$208,485 during the current fiscal year. The reason for the decrease was a result of the normal lease payable requirements reducing the liability.

Economic Factors

A majority of the School's funding is determined by the number of enrolled students. The School is forecasting an enrollment of approximately 73 students for the 2022-2023 school year.

Request for Information

This financial report is designed to provide a general overview of Gulfstream Goodwill Transitions to Life Academy, Inc.'s finances for all those with an interest in the School. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to School Financial Services, Inc., P.O. Box 130, Bonifay, FL 32425.

BASIC FINANCIAL STATEMENTS

GULFSTREAM GOODWILL TRANSITIONS TO LIFE ACADEMY, INC.
(A division of Gulfstream Goodwill Academies, Inc.)

Statement of Net Position (Deficit)

June 30, 2022

	ASSETS	Governmental Activities
Current Assets		
Cash		\$ 58,714
Due from other agencies		46,603
Prepaid expenses		2,000
Total current assets		107,317
Capital Assets		
Capital assets, net of accumulated depreciation/amortization		
Furniture, fixtures and equipment		2,875
Right-to-use leased assets, building		52,307
Total capital assets, net		55,182
Total assets		162,499
Deferred Outflows of Resources:		
Deferred amounts for pensions		76,155
Total deferred outflows of resources		76,155
Liabilities:		
Accounts payable		7,932
Accrued payroll and payroll taxes		25,674
Due to related parties		37,657
Lease payable		53,053
Net pension liability		86,079
Total liabilities		210,395
Deferred Inflows of Resources:		
Deferred amounts for pensions		125,815
Total deferred inflows of resources		125,815
Net Position:		
Net investment in capital assets		2,129
Unrestricted		(99,685)
Total net position (deficit)		\$ (97,556)

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

GULFSTREAM GOODWILL TRANSITIONS TO LIFE ACADEMY, INC.
(A division of Gulfstream Goodwill Academies, Inc.)

Statement of Activities

For the Year Ended June 30, 2022

Functions/Programs:	Program Revenues				Net (Expense) Revenue and Changes in Net Position (Deficit)
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Exceptional instruction	\$ 551,420	\$ -	\$ 114,778	\$ -	\$ (436,642)
Staff development	384	-	-	-	(384)
Board of Directors	16,376	-	-	-	(16,376)
General administration	18,703	-	-	-	(18,703)
School administration	260,237	-	-	-	(260,237)
Facilities	57,436	-	-	-	(57,436)
Fiscal services	23,587	-	-	-	(23,587)
Transportation	58,070	-	-	-	(58,070)
Operation of plant	264,423	-	-	-	(264,423)
Maintenance of plant	7,830	-	-	-	(7,830)
Community service	355	-	-	-	(355)
Interest on long-term payable	2,899	-	-	-	(2,899)
Total primary government	\$ 1,261,720	\$ -	\$ 114,778	\$ -	(1,146,942)
General revenues:					
State passed through school district					819,348
Other revenues					253,508
Total general revenues					1,072,856
Change in net position (deficit)					(74,086)
Net position (deficit) at the beginning of the year					(23,470)
Net position (deficit) at the end of the year					\$ (97,556)

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

GULFSTREAM GOODWILL TRANSITIONS TO LIFE ACADEMY, INC.
(A division of Gulfstream Goodwill Academies, Inc.)

Balance Sheet - Governmental Funds

June 30, 2022

	<u>General Fund</u>	<u>Capital Outlay Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash	\$ 58,714	\$ -	\$ -	\$ 58,714
Due from other agencies	42,910	2,773	920	46,603
Due from other funds	3,693	-	-	3,693
Prepaid expenses	2,000	-	-	2,000
	<u>107,317</u>	<u>2,773</u>	<u>920</u>	<u>111,010</u>
Total assets	<u>\$ 107,317</u>	<u>\$ 2,773</u>	<u>\$ 920</u>	<u>\$ 111,010</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 7,932	\$ -	\$ -	\$ 7,932
Accrued payroll and payroll taxes	25,674	-	-	25,674
Due to related parties	37,657	-	-	37,657
Due to other funds	-	2,773	920	3,693
	<u>71,263</u>	<u>2,773</u>	<u>920</u>	<u>74,956</u>
Total liabilities	<u>71,263</u>	<u>2,773</u>	<u>920</u>	<u>74,956</u>
FUND BALANCES				
Nonspendable:				
Prepaid expenses	2,000	-	-	2,000
Unassigned	34,054	-	-	34,054
	<u>36,054</u>	<u>-</u>	<u>-</u>	<u>36,054</u>
Total fund balances	<u>36,054</u>	<u>-</u>	<u>-</u>	<u>36,054</u>
Total liabilities and fund balances	<u>\$ 107,317</u>	<u>\$ 2,773</u>	<u>\$ 920</u>	<u>\$ 111,010</u>

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

GULFSTREAM GOODWILL TRANSITIONS TO LIFE ACADEMY, INC.
(A division of Gulfstream Goodwill Academies, Inc.)

**Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position (Deficit)**

June 30, 2022

Fund Balances - Total Governmental Funds	\$ 36,054
The net position (deficit) reported for governmental activities in the statement of net position (deficit) is different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. Those assets consist of:	
Furniture, fixtures and equipment, net	2,875
Right-to-use leased assets, net	52,307
Deferred amounts are reported in the Statement of Net Position (Deficit) as deferred outflows or deferred inflows of resources but are not reported in the funds. Those deferred amounts consist of:	
Deferred outflows related to pension	\$ 76,155
Deferred inflows related to pension	<u>(125,815)</u>
Total deferred outflows (inflows)	(49,660)
Noncurrent liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:	
Lease liability	(53,053)
Net pension liability	<u>(86,079)</u>
Total net position (deficit) of governmental activities	<u><u>\$ (97,556)</u></u>

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

GULFSTREAM GOODWILL TRANSITIONS TO LIFE ACADEMY, INC.
(A division of Gulfstream Goodwill Academies, Inc.)

**Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds**

For the Year Ended June 30, 2022

	General Fund	Capital Outlay Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
State passed through school district	\$ 778,860	\$ 40,488	\$ -	\$ 819,348
Federal passed through school district	-	-	114,778	114,778
Other revenues	253,508	-	-	253,508
Total revenues	<u>1,032,368</u>	<u>40,488</u>	<u>114,778</u>	<u>1,187,634</u>
Expenditures:				
Current:				
Exceptional instruction	460,209	-	114,778	574,987
Staff development	384	-	-	384
Board of Directors	16,376	-	-	16,376
General administration	18,703	-	-	18,703
School administration	258,335	-	-	258,335
Facilities	57,436	-	-	57,436
Fiscal services	23,587	-	-	23,587
Transportation	58,070	-	-	58,070
Operation of plant	55,192	-	-	55,192
Maintenance of plant	7,830	-	-	7,830
Community service	355	-	-	355
Capital outlay	1,625	-	-	1,625
Debt service:				
Principal	168,553	39,932	-	208,485
Interest	2,343	556	-	2,899
Total expenditures	<u>1,128,998</u>	<u>40,488</u>	<u>114,778</u>	<u>1,284,264</u>
Net change in fund balance	(96,630)	-	-	(96,630)
Fund balances at the beginning of the year	<u>132,684</u>	<u>-</u>	<u>-</u>	<u>132,684</u>
Fund balances at the end of the year	<u>\$ 36,054</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,054</u>

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

GULFSTREAM GOODWILL TRANSITIONS TO LIFE ACADEMY, INC.
(A division of Gulfstream Goodwill Academies, Inc.)

**Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances - Governmental Funds to the Statement of Activities**

For the Year Ended June 30, 2022

Net Change in Governmental Funds \$ (96,630)

The change in net position (deficit) reported for governmental activities in the statement of activities is different because:

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

Capital outlays	\$	1,625	
Less right-to-use asset amortization expense		209,231	
Less depreciation expense		<u>1,907</u>	(209,513)

The repayment of long-term liabilities principal amount is reported as an expenditure in the governmental funds but reduces the liability in the Statement of Net Position.

Principal payments	208,485
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Some expenses reported in the Statement of Activities are not recorded in the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds.

Pension expense	<u>23,572</u>
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Change in Net Position of Governmental Activities \$ (74,086)

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

GULFSTREAM GOODWILL TRANSITIONS TO LIFE ACADEMY, INC.
(A division of Gulfstream Goodwill Academies, Inc.)

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Reporting Entity

Gulfstream Goodwill Transitions to Life Academy, Inc. (the “School”) is a division of Gulfstream Goodwill Academies, Inc. (the “Charterholder”), a non-profit corporation pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act, and Section 1002.33, Florida Statutes. Under the Charter, the School provides education to children of grades 9 through 12 and to disabled students with specific exceptionalities, who are mentally handicapped and between the ages of 14 to 22 in Palm Beach County, Florida. The governing body of the School is the Board of Directors (the “Board”). The financial information presented is that of the School only.

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, which is the School District of Palm Beach County, Florida (the “District”). The charter was initially for a term of five years which commenced on July 1, 2008 and ended on June 30, 2013. On March 6, 2013, the District voted to approve the Charter Renewal Program for the School; therefore, the charter agreement was extended until August 31, 2013. On August 23, 2013, the School renewed its charter agreement with the District for a term of ten years which commenced on July 1, 2013 and will end on July 1, 2023. The charter may be renewed upon mutual consent of the parties and execution of a written renewal. At the end of the term of the charter, the District may choose not to renew the charter under grounds specified in the charter in which case the District is required to notify the School in writing at least 90 days prior to the charter’s expiration. During the term of the charter, the District may also terminate the charter if good cause is shown. The District does not consider the School a component unit for the year ended June 30, 2022.

2. Government-Wide and Fund Financial Statements

The government-wide financial statements consist of a statement of net position (deficit) and a statement of activities. These statements report information on all of the nonfiduciary activities of the School. As part of the consolidation process, all interfund activities are eliminated from these statements. Both statements report only governmental activities as the School does not engage in any business type activities.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Government-Wide and Fund Financial Statements (Continued)

Net position, the difference between assets, liabilities, and deferred outflows/inflows of resources, as presented in the statement of net position (deficit), is subdivided into three categories: net investment in capital assets, restricted net position, and unrestricted net position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when constraints are imposed on the use of the amounts either externally by creditors, grantors, contributors, laws or regulations of other governments, or enabling legislation. Unrestricted net position includes all of the remaining net position that does not meet the definition of the other two categories.

The statement of activities presents a comparison between the direct and indirect expenses of a given function and its program revenues and displays the extent to which each function contributes to the change in net position for the fiscal year. Direct expenses are those that are clearly identifiable to a specific function.

Indirect expenses are costs the School has allocated to various functions. Program revenues consist of charges for services, operating grants and contributions, and capital grants and contributions.

Charges for services refer to amounts received from those who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment. Grants and contributions consist of revenues that are restricted to meeting the operational or capital requirements of a particular function. Revenues not classified as program revenues are reported as general revenues.

Separate fund financial statements report detailed information about the School's governmental funds. The focus of the governmental fund financial statements is on major funds. Therefore, major funds are reported in separate columns on the fund financial statements. The School reports the general fund and capital outlay fund as its major funds. A reconciliation is provided that converts the results of governmental fund accounting to the government-wide presentation.

3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized when a liability is incurred.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation *(Continued)*

All governmental fund financial statements are reported using a current financial resources measurement focus on a modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues, except for certain grant revenues, are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the School considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for federal, state, and other grant resources, revenue is recognized at the time the expenditure is made.

Under the modified accrual basis of accounting, expenditures are generally recorded when the related fund liability is incurred. However, principal and interest on general long-term debt are recorded as expenditures only when payment is due.

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

Resources are allocated to and accounted for in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled. The School reports the following major governmental funds:

General Fund - is the general operating fund of the School. It is used to account for all financial resources not required to be accounted for in another fund.

Capital Outlay Fund - in accordance with guidelines established by the District, this fund accounts for all resources for the leasing or acquisition of capital facilities by the School to the extent funded by capital outlay funds.

4. Cash

Cash consists of cash on hand at the School and checking accounts held at a financial institution. The School has no cash equivalents (see Note B).

5. Prepaid expenses

Payments made to vendors for services that will benefit periods beyond June 30, 2022, are recorded as prepaid expenses in both government-wide and fund financial statements.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

6. Receivables

On June 30, 2022, the School’s receivables consist of grants receivable and amounts due from related parties. After reviewing the individual account balances, the School’s management has determined, based on prior experience, that 100% of the receivables are fully collectible. Therefore, no allowance for doubtful accounts has been provided.

7. Capital Assets

Capital assets are reported in governmental columns on the government-wide financial statements. Capital assets are defined by the School as assets with an initial individual cost of more than \$1,000 and an estimated useful life of more than one year. Such assets are recorded at historical cost.

Donated capital assets are recorded at their estimated fair values at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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

<u>Asset Classes</u>	<u>Estimated Useful Lives</u>
Furniture, fixtures and equipment	5 - 10 years
Buildings	30 years
Computers and peripherals	5 years

8. Revenue Sources

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

Under the provisions of Section 1011.62, Florida Statutes, the District reports the number of FTE students and related data to the Florida Department of Education (“FDOE”) for funding through the Florida Education Finance Program (“FEFP”). Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the FEFP and the actual weighted FTE students reported by the School during the designated FTE student survey periods.

The School receives federal awards for the enhancement of various educational programs. This assistance is generally based on applications submitted to and approved by various granting agencies. These federal awards may have requirements whereby the issuance of grant funds is withheld until qualifying expenditures are incurred. Revenues for these awards are recognized only to the extent that eligible expenditures have been incurred.

Additionally, other revenues may be derived from various fundraising activities and certain other programs.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

9. Income Taxes

The School is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state law.

The School recognizes the financial statement effects from a tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the School and various positions related to the potential sources of unrelated business taxable income. The assessment of the technical merits of a tax position is a matter of judgment. The School believes that all its tax positions are more likely than not to be sustained upon examination.

The School files Form 990 in the U.S. federal jurisdiction. The School is generally no longer subject to examination by the Internal Revenue Service three years after a return was due or filed.

10. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, as applicable to government units, requires management to make estimates and assumptions that affect the reported amounts in the financial statements. Actual results could differ from estimates.

11. Fund Balance Classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the School is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable fund balance - amounts that are in nonspendable form (such as inventory and prepaid expense) or are required to be maintained intact.

Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed fund balance - amounts constrained to specific purposes by the School itself, using its highest level of decision-making authority (i.e., Board of Directors). To be reported as committed, amounts cannot be used for any other purpose unless the School takes the same highest-level action to remove or change the constraint.

Assigned fund balance - amounts the School intends to use for a specific purpose. Intent can be expressed by the Board or by an official or body to which the Board delegates the authority.

Unassigned fund balance - amounts that are available for any purpose. No other fund except the general fund can report positive amounts of unassigned fund balance.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

11. Fund Balance Classification (Continued)

The School would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

NOTE B - CUSTODIAL CREDIT RISK

Custodial credit risk is the risk that in the event of bank failure, the School's deposits may not be returned to it. The School does not have a formal policy regarding custodial credit risk. The deposits are insured by the FDIC up to \$250,000 per entity. Monies invested in amounts greater than the insurance coverage are secured by the qualified public depositories pledging securities with the State Treasurer in such amounts required by the Florida Security for Public Deposits Act. In the event of a default or insolvency of a qualified public depositor, the State Treasurer will implement procedures for payment of losses according to the validated claims of the School pursuant to Section 280.08, Florida Statutes. As of June 30, 2022, none of the School's balances held in banks were exposed to custodial credit risk.

NOTE C - CAPITAL ASSETS

Changes in capital assets were as follows for the year ended June 30, 2022:

	<u>Balance at July 1, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2022</u>
Capital assets depreciated:				
Furniture, fixtures and equipment	\$ 70,679	\$ 1,625	\$ -	\$ 72,304
Computers and peripherals	7,084	-	-	7,084
Right-to-use leased assets, building, as restated for GASB 87	261,538	-	-	261,538
Total assets depreciated	339,301	1,625	-	340,926
Less accumulated depreciation:				
Furniture, fixtures and equipment	67,522	1,907	-	69,429
Computers and peripherals	7,084	-	-	7,084
Right-to-use leased assets, building	-	209,231	-	209,231
Total accumulated depreciation	74,606	211,138	-	285,744
Total governmental activities capital assets, net	<u>\$ 264,695</u>	<u>\$ (209,513)</u>	<u>\$ -</u>	<u>\$ 55,182</u>

For the year ended June 30, 2022, depreciation and amortization expense of \$1,902 and \$209,231 were charged to the school administration and operation of plant functions, respectively.

NOTE D - CONCENTRATIONS

As stated in Note A-8, the School receives revenues for current operations primarily from the State of Florida through the District. The following is a schedule of revenue sources and amounts:

<u>Sources</u>	<u>Amounts</u>
Revenue sources passed through the District:	
Exceptional student education guaranteed allocation	\$ 301,152
Base funding	318,797
Reading allocation	2,267
Discretionary local effort	44,696
Class size reduction funds	54,779
Student transportation	19,724
Digital classrooms allocation	39
Mental health allocation	1,990
Supplemental academic instruction	11,210
Teacher salary increase	11,390
Instructional materials allocation	3,688
Safe schools allocation	3,025
Capital outlay	40,488
Additional student reserve allocation	6,103
	<hr/>
Total state passed through the district	819,348
IDEA	114,778
	<hr/>
Total revenue sources passed through the District	934,126
Other revenues	253,508
	<hr/>
Total revenues	<u>\$ 1,187,634</u>

NOTE E - COMMITMENTS AND CONTINGENCIES

1. Professional services

The School entered into a contract with a third party which commenced on July 1, 2005 to provide various financial and accounting services for the School. The contract was renewed on June 30, 2021, for another year and extended through June 30, 2022. The fees were based on 3% of the School's FEFP revenue (net a 5% administration fee charged by the school district). The professional fees charged to operations is \$21,119 for controller services and \$1,704 for payroll services for the year ended June 30, 2022.

2. Legal

The School may be involved in legal actions arising from the normal course of activities and is also subject to periodic audits and inquiries by various regulatory agencies. Management is not aware of any pending or threatened litigation, claims or unasserted claims or assessments or inquiries by regulatory agencies that may have a material effect on the School's financial statements.

NOTE F - RELATED PARTY TRANSACTIONS

1. Facility Sub-Lease with Charterholder

The Charterholder entered into an agreement dated June 14, 2005, to lease the facility where the School is located from a third-party. The Charterholder sub-leased the facility to the School, the terms of which are a specified dollar amount per square foot that increases for each remaining year of the lease. Electricity costs charged to the Charterholder by the lessor are also paid by the School. The sub-lease commenced on June 14, 2005 and has been extended through September 30, 2022. See Note J for further information.

2. Due to Gulfstream Goodwill Industries

Gulfstream Goodwill Industries (“GGI”), a related party through common ownership with the Charterholder, pays certain recurring monthly bills on behalf of the School and then bills the School for their portion of the expense. In addition, the School provides certain services to GGI and bills these amounts to the Charterholder. As of June 30, 2022, the School owed GGI \$37,657 for these related services.

NOTE G - RISK MANAGEMENT

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; general liabilities; and natural disasters for which the School carries commercial insurance. Under the property insurance plan, the School has no liability per occurrence. There have been no significant reductions in insurance coverage during fiscal year 2022. Settled claims resulting from the risks described above have not exceeded the insurance coverage during the previous three years.

NOTE H - FLORIDA RETIREMENT SYSTEMS COST-SHARING

1. General Information

Each qualified and participating employee of the School is included in the Florida Retirement System (“FRS”). As provided by Chapters 121 and 112, Florida Statutes, the FRS provides two cost sharing, multiple employer defined benefit plans administered by the Florida Department of Management Services, Division of Retirement, including the FRS Pension Plan (“Pension Plan”) and the Retiree Health Insurance Subsidy (“HIS”) Plan (“HIS Plan”). Under Section 121.4501, Florida Statutes, the FRS also provides a defined contribution plan (“Investment Plan”) alternative to the FRS Pension Plan, which is administered by the State Board of Administration (“SBA”).

As a general rule, membership in the FRS is compulsory for all employees working in a regularly established position for a state agency, county government, district school board, state university, community college, or a participating city or special district within the State of Florida. The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 121, Florida Statutes, and Chapter 60S, Florida Administrative Code. Amendments to the law can be made only by an act of the Florida State Legislature.

NOTE H - FLORIDA RETIREMENT SYSTEMS COST-SHARING (Continued)

1. General Information (Continued)

The State of Florida annually issues a publicly available financial report that includes financial statements and required supplementary information for the FRS. The latest available report may be obtained by writing to the State of Florida Division of Retirement, Department of Management Services, P.O. Box 9000, Tallahassee, Florida 32315-9000, or from the Web site:

[www.dms.myflorida.com/workforce operations/retirement/publications](http://www.dms.myflorida.com/workforce%20operations/retirement/publications).

2. Pension Description

The pension plan is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program ("DROP") for eligible employees.

Benefits under the Pension Plan are computed on the basis of age, average final compensation, and service credit. For Pension Plan members enrolled before July 1, 2011: regular class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service; vested members with less than 30 years of service may retire before age 62 and receive reduced retirement benefits; and senior management service class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 2.0% of their final average compensation based on the five highest years of salary for each year of credited service.

For plan members enrolled on or after July 1, 2011, the vesting requirement is extended to eight years of credited service for all members and increases normal retirement to age 65 or 33 years of service regardless of age for regular and senior management service class members. Also, the final average compensation for all these members will be based on the eight highest years of salary.

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the Pension Plan before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3% per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3% determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3%. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

In addition to the above benefits, the DROP program allows eligible members to defer receipt of monthly retirement benefit payments while continuing employment with an FRS employer for a period not to exceed 60 months after electing to participate. Deferred monthly benefits are held in the FRS Trust Fund and accrue interest. There are no required contributions by DROP participants.

NOTE H - FLORIDA RETIREMENT SYSTEMS COST-SHARING (Continued)

3. Funding Policy

Effective July 1, 2011, all enrolled members of the FRS, other than DROP participants, are required to contribute 3% of their salary to the FRS. In addition to member contributions, governmental employers are required to make contributions to the FRS based on state-wide contribution rates established by the Florida Legislature. These rates are updated as of July 1 of each year. The employer contribution rates by job class for the periods from July 1, 2021 through June 30, 2022, were as follows: regular - 10.82%; senior management service - 29.01%; and DROP participants - 18.34%.

4. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

These employer contribution rates include a 1.66% HIS Plan subsidy for the period July 1, 2021 through June 30, 2022.

The School's contributions to the FRS Plan were \$13,095 for the year ended June 30, 2022.

On June 30, 2022, the School reported a liability of \$26,966 for its proportionate share of the Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. The School's proportionate share of the net pension liability was based on the School's 2020-2021 fiscal year contributions relative to the 2019-2020 fiscal year contributions of all participating members. On June 30, 2021, the School's proportionate share was 0.000343742%, which was a decrease of 0.000072481% from its proportionate share measured as of June 30, 2020.

For the fiscal year ended June 30, 2022, the School recognized pension expense of \$5,374. In addition, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 4,451	\$ -
Change in assumptions	17,767	-
Net difference between projected and actual earnings on School Pension Plan investments	-	90,588
Changes in proportion and differences between School Pension Plan contributions and proportionate share of contributions	19,909	16,415
School Pension Plan contributions subsequent to the measurement date	15,596	-
Total	<u>\$ 57,723</u>	<u>\$ 107,003</u>

NOTE H - FLORIDA RETIREMENT SYSTEMS COST-SHARING (Continued)

4. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

The deferred outflows of resources related to the Pension Plan, totaling \$57,723, resulting from School contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2023	\$ (17,683)
2024	\$ (15,055)
2025	\$ (12,871)
2026	\$ (12,043)
2027	\$ (11,809)
Thereafter	\$ 4,585

5. Actuarial Assumptions

The total pension liability in the July 1, 2021, actuarial valuation was determined using the following actuarial assumption, applied to all periods included in the measurement:

Inflation	2.40%
Salary increases	3.25%, average, including inflation
Investment rate of return	6.80%, net of Pension Plan investment expense, including inflation

Mortality rates were based on the PUB-2010 base table, projected generationally with Scale MP-2018.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

NOTE H - FLORIDA RETIREMENT SYSTEMS COST-SHARING (Continued)

5. Actuarial Assumptions (Continued)

The long-term expected rate of return on Pension Plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Annual Standard Deviation
Cash equivalents	1.0%	2.1%	2.1%	1.1%
Fixed income	20.0%	3.8%	3.7%	3.3%
Global equity	54.2%	8.2%	6.7%	17.8%
Real estate (property)	10.3%	7.1%	6.2%	13.7%
Private equity	10.8%	11.1%	8.5%	26.4%
Strategic investments	3.7%	5.7%	5.4%	8.4%
Total	100.00%			
Assumed Inflation - Mean			2.40%	1.20%

(1) As outlined in the Pension Plan's investment policy

6. Discount Rate

The discount rate used to measure the total pension liability was 6.80%. The Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for the calculation of the total pension liability is equal to the long-term expected rate of return.

7. Sensitivity of Net Pension Liability to Changes in the Discount Rate

The following represents the School's proportionate share of the net pension liability calculated using the discount rate of 6.80%, as well as what the School's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.80%) or one percentage point higher (7.80%) than the current rate:

	1% Decrease (5.80%)	Current Discount Rate (6.80%)	1% Increase (7.80%)
School's proportionate share of the net pension liability	\$ 116,121	\$ 25,966	\$ (49,394)

NOTE H - FLORIDA RETIREMENT SYSTEMS COST-SHARING (Continued)

8. Pension Plan Fiduciary Net Position

Detailed information regarding the Pension Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Annual Comprehensive Financial Report.

9. Payables to the Pension Plan

On June 30, 2022, the School reported no outstanding contributions to the Pension Plan required for the fiscal year ended June 30, 2022.

NOTE I - EMPLOYEE RETIREMENT SYSTEMS COST-SHARING HEALTH INSURANCE SUBSIDY

1. Plan Description

The HIS Plan is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

For the fiscal year ended June 30, 2022, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month. To be eligible to receive these benefits, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

2. Funding Policy

The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2022, the HIS contribution was 1.66%. The School contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

The School's contributions to the HIS Plan were \$2,881 for the year ended June 30, 2022.

**NOTE I - EMPLOYEE RETIREMENT SYSTEMS COST-SHARING HEALTH INSURANCE
SUBSIDY (Continued)**

**3. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources
and Deferred Inflows of Resources Related to Pensions**

On June 30, 2022, the School reported a liability of \$60,113 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. The School's proportionate share of the net pension liability was based on the School's 2020-2021 fiscal year contributions relative to the 2019-2020 fiscal year contributions of all participating members. On June 30, 2021, the School's proportionate share was 0.000490059%, which was an increase of 0.000081840% from its proportionate share measured as of June 30, 2020.

For the fiscal year ended June 30, 2022, the School recognized pension income of \$892. In addition, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,012	\$ 25
Change in assumptions	4,724	2,477
Net difference between projected and actual earnings on School Pension Plan investments	63	-
Changes in proportion and differences between School Pension Plan contributions and proportionate share of contributions	8,549	16,310
School Pension Plan contributions subsequent to the measurement date	3,084	-
Total	\$ 18,432	\$ 18,812

The deferred outflows of resources related to the HIS Plan, totaling \$18,432, resulting from School contributions to the HIS Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2022.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2023	\$ (3,728)
2024	\$ (1,991)
2025	\$ (133)
2026	\$ 566
2027	\$ 482
Thereafter	\$ 1,340

**NOTE I - EMPLOYEE RETIREMENT SYSTEMS COST-SHARING HEALTH INSURANCE
SUBSIDY (Continued)**

4. Actuarial assumptions

The total pension liability in the July 1, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Salary increases	3.25%, average, including inflation
Municipal bond rate	2.16%

Mortality rates were based on the PUB-2010 base table, projected generationally with Scale MP-2018.

The actuarial assumptions used in the July 1, 2021 actuarial valuation, which were used to determine the total pension liability for the HIS program, were based on certain results of the most recent experience study for the FRS Pension Plan. Additionally updated procedures were used to determine liabilities as of June 30, 2021.

5. Discount rate

The discount rate used to measure the total pension liability was 2.16%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

6. Sensitivity of net pension liability to changes in the discount rate

The following represents the School's proportionate share of the net pension liability calculated using the discount rate of 2.16%, as well as what the School's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (1.16%) or one percentage point higher (3.16%) than the current rate:

	1% Decrease (1.16%)	Current Discount Rate (2.16%)	1% Increase (3.16%)
School's proportionate share of the net pension liability	\$ 69,497	\$ 60,113	\$ 52,425

**NOTE I - EMPLOYEE RETIREMENT SYSTEMS COST-SHARING HEALTH INSURANCE
SUBSIDY (Continued)**

7. Pension Plan fiduciary net position

Detailed information regarding the HIS Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Annual Comprehensive Financial Report.

8. Payables to the pension plan

On June 30, 2022, the School had no outstanding contributions to the HIS Plan required for the fiscal year ended June 30, 2022.

NOTE J - LEASE PAYABLE

For the year ended June 30, 2022, the School implemented GASB Statement No. 87, *Leases*. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This Statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset.

On July 1, 2021, the School recognized a 15-month lease as Lessee for the use of Bethesda Health, Inc's building facility. An initial lease payable was recorded in the amount of \$261,538. As of June 30, 2022, the amount of the lease payable is \$53,053. The School is required to make monthly fixed payments of \$17,743. The lease has an interest rate of 2.0%. The value of the right-to-use asset as of June 30, 2022, of \$261,538 with accumulated amortization of \$209,231, with a net book value of \$52,307.

The following is a summary of changes in the School's lease payable for the fiscal year ended June 30, 2022:

	<u>Balance at July 1, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2022</u>
Lease payable:				
School facility	\$ 261,538	\$ -	\$ 208,485	\$ 53,053
Total lease payable	<u>\$ 261,538</u>	<u>\$ -</u>	<u>\$ 208,485</u>	<u>\$ 53,053</u>

The School has future minimum lease payments of \$52,053 and interest payments of \$177 for the remaining term of the current lease ending September 30, 2022.

NOTE K - SUBSEQUENT EVENTS

The School has evaluated subsequent events through September 29, 2022, the date which the financial statements were available for issuance and determined there were no subsequent events.

REQUIRED SUPPLEMENTARY INFORMATION
(OTHER THAN MD&A)

GULFSTREAM GOODWILL TRANSITIONS TO LIFE ACADEMY, INC.
(A division of Gulfstream Goodwill Academies, Inc.)

Schedule of School's Proportionate Share of Net Pension Liability

Last 10 Fiscal Years *

FLORIDA RETIREMENT SYSTEM

	School's proportion of the net pension liability (asset)	School's proportionate share of the net pension liability (asset)	School's covered payroll	School's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2022	0.000343742%	\$ 25,966	\$ 185,671	13.98%	96.40%
2021	0.000271261%	\$ 117,569	\$ 173,493	67.77%	78.58%
2020	0.000311691%	\$ 107,342	\$ 141,683	75.76%	82.61%
2019	0.000300206%	\$ 90,423	\$ 173,058	52.25%	84.26%
2018	0.000378287%	\$ 111,895	\$ 164,265	68.12%	83.89%
2017	0.000469027%	\$ 118,430	\$ 169,764	69.76%	84.88%
2016	0.000617778%	\$ 79,794	\$ 205,687	38.79%	92.00%
2015	0.000659470%	\$ 40,237	\$ 251,196	16.02%	96.09%

HEALTH INSURANCE SUBSIDY

	School's proportion of the net pension liability (asset)	School's proportionate share of the net pension liability (asset)	School's covered payroll	School's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2022	0.000490059%	\$ 60,113	\$ 185,761	32.36%	3.56%
2021	0.000408291%	\$ 49,843	\$ 173,493	28.73%	2.21%
2020	0.000517449%	\$ 57,897	\$ 141,683	40.86%	2.63%
2019	0.000502918%	\$ 53,229	\$ 173,058	30.76%	2.15%
2018	0.000532594%	\$ 56,947	\$ 164,265	34.67%	1.64%
2017	0.000666273%	\$ 77,651	\$ 169,764	45.74%	0.97%
2016	0.000817886%	\$ 83,412	\$ 205,687	40.55%	0.50%
2015	0.000879746%	\$ 82,258	\$ 251,196	32.75%	0.99%

* The amounts presented for each fiscal year were determined as of June 30.

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

Note 2: The Plan's fiduciary net position as a percentage of the total pension liability is published in the FRS Annual Comprehensive Financial Report (reference to FRS ACFR information).

See accompanying notes to required supplementary information.

GULFSTREAM GOODWILL TRANSITIONS TO LIFE ACADEMY, INC.
(A division of Gulfstream Goodwill Academies, Inc.)

Schedule of School's Pension Contributions

Last 10 Fiscal Years *

FLORIDA RETIREMENT SYSTEM

	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
2022	\$ 13,095	\$ 13,095	\$ -	\$ 185,761	7.05%
2021	\$ 14,469	\$ 14,469	\$ -	\$ 173,493	8.34%
2020	\$ 9,013	\$ 9,013	\$ -	\$ 141,683	6.36%
2019	\$ 9,665	\$ 9,665	\$ -	\$ 173,058	5.58%
2018	\$ 8,556	\$ 8,556	\$ -	\$ 164,265	5.21%
2017	\$ 9,848	\$ 9,848	\$ -	\$ 169,764	5.80%
2016	\$ 11,438	\$ 11,438	\$ -	\$ 205,687	5.56%
2015	\$ 15,062	\$ 15,062	\$ -	\$ 251,196	6.00%

HEALTH INSURANCE SUBSIDY

	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
2022	\$ 2,881	\$ 2,881	\$ -	\$ 185,761	1.55%
2021	\$ 2,880	\$ 2,880	\$ -	\$ 173,493	1.66%
2020	\$ 2,352	\$ 2,352	\$ -	\$ 141,683	1.66%
2019	\$ 2,873	\$ 2,873	\$ -	\$ 173,058	1.66%
2018	\$ 2,727	\$ 2,727	\$ -	\$ 164,265	1.66%
2017	\$ 2,819	\$ 2,819	\$ -	\$ 169,764	1.66%
2016	\$ 3,415	\$ 3,415	\$ -	\$ 205,687	1.66%
2015	\$ 3,126	\$ 3,126	\$ -	\$ 251,196	1.24%

* The amounts presented for each fiscal year were determined as of June 30.

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

See accompanying notes to required supplementary information.

GULFSTREAM GOODWILL TRANSITIONS TO LIFE ACADEMY, INC.
(A division of Gulfstream Goodwill Academies, Inc.)

**Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual - General Fund**

For the Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
State passed through the District	\$ 955,587	\$ 778,860	\$ 778,860	\$ -
Other revenues	126,204	253,508	253,508	-
Total revenues	<u>1,081,791</u>	<u>1,032,368</u>	<u>1,032,368</u>	<u>-</u>
Expenditures				
Exceptional instruction	463,624	460,214	460,209	5
Staff development	500	384	384	-
Board of Directors	27,477	16,376	16,376	-
General administration	21,635	18,703	18,703	-
School administration	249,030	258,335	258,335	-
Facilities	51,294	57,436	57,436	-
Fiscal services	29,057	23,587	23,587	-
Food services	-	-	-	-
Transportation	80,200	58,070	58,070	-
Operation of plant	229,658	226,088	55,192	170,896
Maintenance of plant	8,917	7,830	7,830	-
Community services	2,600	355	355	-
Capital outlay	-	1,625	1,625	-
Principal	-	-	168,553	(168,553)
Interest	-	-	2,343	(2,343)
Total expenditures	<u>1,163,992</u>	<u>1,129,003</u>	<u>1,128,998</u>	<u>5</u>
Excess (deficiency) of revenues over (under) expenditures	(82,201)	(96,635)	(96,630)	5
Fund balances at the beginning of the year	<u>132,684</u>	<u>132,684</u>	<u>132,684</u>	<u>-</u>
Fund balances at the end of the year	<u>\$ 50,483</u>	<u>\$ 36,049</u>	<u>\$ 36,054</u>	<u>\$ 5</u>

See accompanying notes to required supplementary information.

GULFSTREAM GOODWILL TRANSITIONS TO LIFE ACADEMY, INC.
(A division of Gulfstream Goodwill Academies, Inc.)

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2022

NOTE A - BUDGETS AND BUDGETARY ACCOUNTING

Gulfstream Goodwill Transitions to Life Academy, Inc.'s (the "School") annual budgets are adopted for the entire operations at the combined governmental level and may be amended by the Board of Directors. Since the budgetary basis differs from accounting principles generally accepted in the United States of America ("GAAP"), budget and actual amounts in the accompanying required supplementary information are presented on the budgetary basis. Generally a reconciliation to the net change in fund balances presented in conformity with GAAP is set forth in the adjustments to the required supplementary information.

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

Budgets are presented on the modified accrual basis of accounting. The legal level of budgetary control is the fund level.

OTHER SUPPLEMENTARY INFORMATION

GULFSTREAM GOODWILL TRANSITIONS TO LIFE ACADEMY, INC.
(A division of Gulfstream Goodwill Academies, Inc.)

**Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual - Capital Outlay Fund**

For the Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
State passed through school district	\$ 51,004	\$ 40,488	\$ 40,488	\$ -
Total revenues	<u>51,004</u>	<u>40,488</u>	<u>40,488</u>	<u>-</u>
Expenditures				
Operation of plant	51,004	40,488	-	40,488
Principal	-	-	39,932	(39,932)
Interest	-	-	556	(556)
Total expenditures	<u>51,004</u>	<u>40,488</u>	<u>40,488</u>	<u>40,488</u>
Net change in fund balance	-	-	-	(40,488)
Fund balances at the beginning of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances at the end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (40,488)</u>

COMPLIANCE SECTION



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

To the Board of Directors of
Gulfstream Goodwill Academies, Inc.
Palm Beach, 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 Gulfstream Goodwill Transition to Life Academy, Inc. (the “School”), a division of Gulfstream Goodwill Academies, Inc. (the “Charterholder”), 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 September 29, 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control 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.

To the Board of Directors of
Gulfstream Goodwill Academies, Inc.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free of 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*.

Pursuant to provisions of Chapter 10.850, *Rules of the Auditor General*, we reported certain matters to management of the School in a separate management letter dated September 29, 2022.

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.

MSL, P.A.

Certified Public Accountants

Fort Lauderdale, Florida
September 29, 2022



INDEPENDENT AUDITOR'S MANAGEMENT LETTER

To the Board of Directors of
Gulfstream Goodwill Academies, Inc.
Palm Beach, Florida

Report on the Financial Statements

We have audited the financial statements of Gulfstream Goodwill Transition to Life Academy, Inc. (the "School"), a division of Gulfstream Goodwill Academies, Inc. (the "Charterholder"), as of and for the year ended June 30, 2022, and have issued our report thereon dated September 29, 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 Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that reports, which is dated September 29, 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 report. In connection with our audit, there were no findings or recommendations.

Official Title

Section 10.854(1)(e)5., *Rules of the Auditor General*, requires that the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title of the entity is Gulfstream Goodwill Transition to Life Academy, Inc. and the school code assigned by the Florida Department of Education is 3345.

To the Board of Directors of
Gulfstream Goodwill Academies, Inc.

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)6a. 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 the 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 note 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, the Charterholder, and the School District of Palm Beach County and is not intended to be, and should not be, used by anyone other than these specified parties.

MSL, P.A.

Certified Public Accountants

Fort Lauderdale, Florida
September 29, 2022