

Florida High School for Accelerated
Learning - North Lee County Campus, Inc.
d/b/a North Nicholas High School
(A Component Unit of the School Board of
Lee County, Florida)

Basic Financial Statements
and Additional Information
For the Year Ended June 30, 2022



**Florida High School for Accelerated Learning –
North Lee County Campus, Inc.
d/b/a North Nicholas High School**

Table of Contents

Independent Auditor’s Report	1-3
Management’s Discussion and Analysis	
Management’s Discussion and Analysis (Not covered by Independent Auditor’s Report)	4-7
Basic Financial Statements	
Government-wide Basic Financial Statements:	
Statement of Net Position	8
Statement of Activities	9
Fund Basic Financial Statements:	
Balance Sheet – Governmental Funds	10
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	11
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	12
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	13
Statement of Revenues and Expenditures - Budget and Actual – General Fund	14
Statement of Revenues and Expenditures - Budget and Actual – Special Revenue Fund	15
Statement of Expenditures – Governmental Funds	16-17
Notes to Basic Financial Statements	18-24
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 <i>Government Auditing Standards</i>	25-26
Independent Auditor’s Report to the Board of Directors	27-28

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Florida High School for Accelerated Learning –
North Lee County Campus, Inc. d/b/a North Nicholas High School

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 Florida High School for Accelerated Learning – North Lee County Campus, Inc. d/b/a North Nicholas High School (the "School"), a component unit of the School Board of Lee County, Florida (the "School"), 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 respective budgetary comparison for the General Fund and Special Revenue 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.

Responsibility 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.

CPA's + Trusted Advisors

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 12, 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
September 12, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS



As management of Florida High School for Accelerated Learning – North Lee County Campus, Inc. d/b/a North Nicholas High School (the “School”), a component unit of the School Board of Lee County, Florida, we offer readers of the School’s basic financial statements this narrative overview and analysis of the financial activities of the School for the year ended June 30, 2022 with certain comparative information for 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 and other supplementary information.

Financial Highlights

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

- The School’s total assets exceeded its liabilities by \$ 304,220 (net position), of which \$ 117,522 is invested in capital assets and \$ 186,698 is unrestricted.
- The School’s total revenues were \$ 2,748,781 including \$ 2,280,616 from entitlements and 468,165 from program revenues. The School’s expenses for this year were \$ 2,606,622.

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 basic financial statements, 2) fund basic financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Basic Financial Statements: The government-wide basic 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 basic 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 financial statements can be found on pages 8 and 9 of this report.

**Florida High School for Accelerated Learning –
 North Lee County Campus, Inc.
 d/b/a North Nicholas High School
 Management’s Discussion and Analysis
 June 30, 2022**

Fund Basic Financial Statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. 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 basic government-wide financial statements. However, unlike the government-wide basic 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 basic financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide basic 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 change in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The School maintains three governmental fund types. Information is presented in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and change in fund balance. Each fund is considered a major fund in the accompanying financial statements.

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

The governmental fund financial statements can be found on pages 10 through 17 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 basic financial statements. The notes to basic financial statements can be found on pages 18 through 23 of this report.

Government-Wide Financial Analysis

The School’s net position was \$ 304,220 at June 30, 2022 and \$ 162,061 at June 30, 2021. Information in the table below focuses on the net position of the School’s governmental activities as follows:

Florida High School for Accelerated Learning –
 North Lee County Campus, Inc. d/b/a North Nicholas High School
 Statements of Net Position

	June 30, 2022	June 30, 2021
Assets:		
Current assets	\$ 547,614	\$ 683,978
Noncurrent assets	117,522	-
Total assets	665,136	683,978

**Florida High School for Accelerated Learning –
North Lee County Campus, Inc.
d/b/a North Nicholas High School
Management’s Discussion and Analysis
June 30, 2022**

Florida High School for Accelerated Learning –
North Lee County Campus, Inc. d/b/a North Nicholas High School
(continued)
Statements of Net Position

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Liabilities:		
Liabilities	360,916	521,917
Total liabilities	<u>360,916</u>	<u>521,917</u>
Net Position:		
Net investment in capital assets	117,522	-
Unrestricted	186,698	162,061
Total net position	\$ <u><u>304,220</u></u>	\$ <u><u>162,061</u></u>

A portion of the School’s net position reflects its investment in capital assets. The School uses these capital assets to provide services to students; consequently, these assets are not available for future spending. At June 30, 2022 and 2021, the School had no investment in capital assets, since all assets were fully depreciated. Resources that are subject to external restrictions on how they may be used are classified as restricted net position. At June 30, 2022 and 2021, the school had no restricted net position.

Governmental Activities: The results of the year’s operations for the School as a whole are reported in the statement of activities on page 9. The table below provides a condensed presentation of the School’s revenues and expenses for the years ended June 30, 2022 and June 30, 2021:

Florida High School for Accelerated Learning –
North Lee County Campus, Inc. d/b/a North Nicholas High School
Statements of Changes in Net Position

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Revenues:		
General revenues	\$ 2,280,616	\$ 2,035,790
Program revenues	468,165	238,522
Total revenues	<u>2,748,781</u>	<u>2,274,312</u>
Expenses:		
Instruction	614,096	383,890
Instructional support services	1,228,846	1,099,025
Operation of non-instructional services	763,680	766,694
Total expenses	<u>2,606,622</u>	<u>2,249,609</u>
Change in net position	\$ <u><u>142,159</u></u>	\$ <u><u>24,703</u></u>

**Florida High School for Accelerated Learning –
North Lee County Campus, Inc.
d/b/a North Nicholas High School
Management’s Discussion and Analysis
June 30, 2022**

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	\$ 753,055	27.8%	\$ 521,797	23.2%
Administrative services	626,161	23.0%	557,124	24.8%
Plant operations and maintenance	450,668	16.5%	403,994	18.0%
Other non instructional support services	894,260	32.7%	766,694	34.0%
Total governmental expenditures	\$ <u>2,724,144</u>	<u>100.0%</u>	\$ <u>2,249,609</u>	<u>100.0%</u>

Capital Assets and Debt Administration

Capital assets: During the year ended June 30, 2022, the School’s investment in capital assets was \$ 117,522. During the year ended June 30, 2014, the School’s assets were fully depreciated resulting in no amount invested in capital assets.

Debt administration: At June 30, 2022 and 2021, the School had no outstanding debt.

General Fund Budgetary Highlights

Total revenues were favorable to the budget by approximately \$ 70,000 primarily due to slightly higher enrollment.

Total expenditures were unfavorable to budget by approximately \$ 37,000 due to additional costs associated with the increase in revenues.

See page 14 for budget and actual comparisons.

Economic Factors and Next Year's Budget

FEFP funding per student will increase by approximately 3% to 5% in FY 2023 as compared to FY 2022, excluding teacher salary increase allocation. Capital outlay revenues are expected to remain the same per student. The management agreement continues to provide for the delivery of services despite any revenue shortfalls.

All these factors were considered in preparing the FY 2023 budget.

Requests for Information

If you have any questions about this report or need additional information, please write to ALS Education, LLC, at 5850 T.G. Lee Blvd., Ste 345, Orlando, Florida 32822.

BASIC FINANCIAL STATEMENTS

Florida High School for Accelerated Learning -
North Lee County Campus, Inc.
d/b/a North Nicholas High School
Statement of Net Position
June 30, 2022

	Governmental Activities
Assets:	
Current Assets:	
Cash and cash equivalents	\$ 301,804
Due from other governments	<u>245,810</u>
Total current assets	<u>547,614</u>
Noncurrent Assets:	
Capital assets, net of accumulated depreciation	<u>117,522</u>
Total assets	\$ <u><u>665,136</u></u>
Liabilities:	
Accounts payable	\$ <u>360,916</u>
Total liabilities	<u>360,916</u>
Net Position:	
Net investment in capital assets	117,522
Unrestricted	<u>186,698</u>
Total net position	<u>304,220</u>
Total liabilities and net position	\$ <u><u>665,136</u></u>

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

Florida High School for Accelerated Learning -
North Lee County Campus, Inc.
d/b/a North Nicholas High School
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 Net Revenue (Expense) and Change in Net Position</u>
Functions/Programs:					
Instruction:					
Regular instruction	\$ 614,096	\$ -	\$ 95,909	\$ -	\$ (518,187)
Instructional support services:					
Pupil services	138,668	-	-	-	(138,668)
Parental involvement	291	-	-	-	(291)
Administrative services	626,161	-	-	-	(626,161)
Plant operations and maintenance	463,726	-	176,813	195,443	(91,470)
Operation of non-instructional services:					
Fiscal services	706,468	-	-	-	(706,468)
Board expenses	57,212	-	-	-	(57,212)
Total governmental activities	\$ <u>2,606,622</u>	\$ <u>-</u>	\$ <u>272,722</u>	\$ <u>195,443</u>	<u>(2,138,457)</u>
General revenues:					
Entitlements					2,279,056
Miscellaneous revenues					<u>1,560</u>
Total general revenues					<u>2,280,616</u>
Change in net position					142,159
Net position, July 1, 2021					<u>162,061</u>
Net position, June 30, 2022					\$ <u><u>304,220</u></u>

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

Florida High School for Accelerated Learning -
North Lee County Campus, Inc.
d/b/a North Nicholas High School
Balance Sheet - Governmental Funds
June 30, 2022

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
Assets:				
Cash and cash equivalents	\$ 301,804	\$ -	\$ -	\$ 301,804
Due from other governments	-	245,810	-	245,810
Due from other funds	<u>245,810</u>	<u>-</u>	<u>-</u>	<u>245,810</u>
Total assets	<u>\$ 547,614</u>	<u>\$ 245,810</u>	<u>\$ -</u>	<u>\$ 793,424</u>
Liabilities:				
Accounts payable	\$ 360,916	\$ -	\$ -	\$ 360,916
Due to other funds	<u>-</u>	<u>245,810</u>	<u>-</u>	<u>245,810</u>
Total liabilities	<u>360,916</u>	<u>245,810</u>	<u>-</u>	<u>606,726</u>
Deferred inflows:				
Unavailable revenues	<u>-</u>	<u>245,810</u>	<u>-</u>	<u>245,810</u>
Fund Balances (Deficit):				
Unassigned (deficit)	<u>186,698</u>	<u>(245,810)</u>	<u>-</u>	<u>(59,112)</u>
Total fund balance (deficit)	<u>186,698</u>	<u>(245,810)</u>	<u>-</u>	<u>(59,112)</u>
Total liabilities, deferred inflows and fund balances (deficit)	<u>\$ 547,614</u>	<u>\$ 245,810</u>	<u>\$ -</u>	<u>\$ 793,424</u>

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

**Florida High School for Accelerated Learning -
 North Lee County Campus, Inc.
 d/b/a North Nicholas High School
 Reconciliation of the Balance Sheet - Governmental Funds
 to the Statement of Net Position
 June 30, 2022**

Total Fund Balances (Deficit) - Governmental Funds \$ (59,112)

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund balances:

Cost of capital assets	\$ 271,537	
Accumulated depreciation and amortization	<u>(154,015)</u>	117,522

Unavailable revenue in the governmental fund is susceptible to full accrual in the government-wide statements.		<u>245,810</u>
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Net Position of Governmental Activities		\$ <u><u>304,220</u></u>
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The accompanying notes to basic financial statements are an integral part of the statements.

Florida High School for Accelerated Learning -
North Lee County Campus, Inc.
d/b/a North Nicholas High School
Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2022

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
Revenues:				
Federal sources	\$ -	\$ 26,912	\$ -	\$ 26,912
State sources	2,304,581	-	169,918	2,474,499
Local sources	1,560	-	-	1,560
	<u>2,306,141</u>	<u>26,912</u>	<u>169,918</u>	<u>2,502,971</u>
Total revenues				
Expenditures:				
Current:				
Instruction:				
Regular instruction	518,187	95,909	-	614,096
Instructional support services:				
Pupil services	138,668	-	-	138,668
Parental involvement	291	-	-	291
Administrative services	626,161	-	-	626,161
Plant operations and maintenance	208,992	46,233	195,443	450,668
Operation of non-instructional services:				
Fiscal services	706,468	-	-	706,468
Board expenditures	57,212	-	-	57,212
Capital outlay	-	130,580	-	130,580
	<u>2,255,979</u>	<u>272,722</u>	<u>195,443</u>	<u>2,724,144</u>
Total expenditures				
Excess (deficiency) of revenues over expenditures	50,162	(245,810)	(25,525)	(221,173)
Other Financing Sources/(Uses):				
Transfers in	-	-	25,525	25,525
Transfers out	(25,525)	-	-	(25,525)
	<u>24,637</u>	<u>(245,810)</u>	<u>-</u>	<u>(221,173)</u>
Net change in fund balances				
Fund Balances, July 1, 2021	<u>162,061</u>	<u>-</u>	<u>-</u>	<u>162,061</u>
'Fund Balances (Deficit), June 30, 2022	<u>\$ 186,698</u>	<u>\$ (245,810)</u>	<u>\$ -</u>	<u>\$ (59,112)</u>

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

**Florida High School for Accelerated Learning -
 North Lee County Campus, Inc.
 d/b/a North Nicholas High School
 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 Fund Balances - Governmental Funds \$ (221,173)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives:

Expenditures for capital assets	\$	130,580	
Provision for depreciation		<u>(13,058)</u>	117,522

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.

245,810

Change in Net Position of Governmental Activities \$ 142,159

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

Florida High School for Accelerated Learning -
North Lee County Campus, Inc.
d/b/a North Nicholas High School
Statement of Revenues and Expenditures -
Budget and Actual - General Fund
For the Year Ended June 30, 2022

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Variance</u>
Revenues:			
State sources	\$ 2,235,889	\$ 2,306,141	\$ 70,252
Total revenues	<u>2,235,889</u>	<u>2,306,141</u>	<u>70,252</u>
Expenditures:			
Current:			
Instruction:			
Regular instruction	604,401	518,187	86,214
Instructional support services:			
Pupil services	140,047	138,668	1,379
Parental involvement	-	291	(291)
Administrative services	633,782	626,161	7,621
Plant operations and maintenance	268,329	208,992	59,337
Operation of non-instructional services:			
Fiscal services	522,253	706,468	(184,215)
Board expenditures	<u>50,000</u>	<u>57,212</u>	<u>(7,212)</u>
Total expenditures	<u>2,218,812</u>	<u>2,255,979</u>	<u>(37,167)</u>
Excess (deficiency) of revenues over expenditures	17,077	50,162	33,085
Other Financing Uses:			
Transfers out	<u>-</u>	<u>(25,525)</u>	<u>(25,525)</u>
Net change in fund balance	<u>\$ 17,077</u>	<u>\$ 24,637</u>	<u>\$ 7,560</u>

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

**Florida High School for Accelerated Learning -
 North Lee County Campus, Inc.
 d/b/a North Nicholas High School
 Statement of Revenues and Expenditures -
 Budget and Actual - Special Revenue Fund
 For the Year Ended June 30, 2022**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Variance</u>
Revenues:			
Federal sources	\$ 18,797	\$ 26,912	\$ 8,115
Total revenues	<u>18,797</u>	<u>26,912</u>	<u>8,115</u>
Expenditures:			
Current:			
Regular instruction	-	95,909	(95,909)
Instructional support services:			
Plant operations and maintenance	18,797	46,233	(27,436)
Operation of non-instructional services:			
Capital outlay	<u>-</u>	<u>130,580</u>	<u>(130,580)</u>
Total expenditures	<u>18,797</u>	<u>272,722</u>	<u>(253,925)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (245,810)</u>	<u>\$ (245,810)</u>

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

Florida High School for Accelerated Learning -
North Lee County Campus, Inc.
d/b/a North Nicholas High School
Statement of Expenditures - Governmental Funds
For the Year Ended June 30, 2022

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
Expenditures				
Regular instruction:				
Salaries	\$ 429,089	\$ 23,413	\$ -	\$ 452,502
Other purchased services	-	72,496	-	72,496
Group insurance and benefits	45,241	-	-	45,241
Payroll taxes	30,987	-	-	30,987
Supplies	12,870	-	-	12,870
	<u>518,187</u>	<u>95,909</u>	<u>-</u>	<u>614,096</u>
Total regular instruction				
Pupil services:				
Salaries	102,202	-	-	102,202
Group insurance	21,773	-	-	21,773
Payroll taxes	7,102	-	-	7,102
Other purchased services	7,591	-	-	7,591
	<u>138,668</u>	<u>-</u>	<u>-</u>	<u>138,668</u>
Total pupil services				
Parental involvement	<u>291</u>	<u>-</u>	<u>-</u>	<u>291</u>
Administrative services:				
Other personnel support services	248,024	-	-	248,024
Salaries	233,446	-	-	233,446
Other purchased services	46,655	-	-	46,655
Insurance premiums	33,793	-	-	33,793
Group insurance	22,282	-	-	22,282
Payroll taxes	18,361	-	-	18,361
Supplies	13,196	-	-	13,196
Periodicals	3,262	-	-	3,262
Professional and technical services	7,142	-	-	7,142
	<u>626,161</u>	<u>-</u>	<u>-</u>	<u>626,161</u>
Total administrative services				

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

Florida High School for Accelerated Learning -
North Lee County Campus, Inc.
d/b/a North Nicholas High School
Statement of Expenditures - Governmental Funds
(continued)
For the Year Ended June 30, 2022

	General Fund	Special Revenue Fund	Capital Projects Fund	Total
Expenditures				
Plant operations:				
Rentals	3,839	-	195,443	199,282
Other purchased services	78,443	46,233	-	124,676
Communications	41,723	-	-	41,723
Repairs and maintenance	30,060	-	-	30,060
Electricity	23,497	-	-	23,497
Property taxes	2,981	-	-	2,981
Public utility services	2,151	-	-	2,151
Supplies	241	-	-	241
	<u>182,935</u>	<u>46,233</u>	<u>195,443</u>	<u>424,611</u>
Total plant operations				
Plant maintenance:				
Other purchased services	23,013	-	-	23,013
Supplies	3,044	-	-	3,044
	<u>26,057</u>	<u>-</u>	<u>-</u>	<u>26,057</u>
Total plant maintenance				
Fiscal services:				
Management fee	616,654	-	-	616,654
District administration fee	89,814	-	-	89,814
	<u>706,468</u>	<u>-</u>	<u>-</u>	<u>706,468</u>
Total fiscal services				
Board:				
Professional fees	57,212	-	-	57,212
	<u>57,212</u>	<u>-</u>	<u>-</u>	<u>57,212</u>
Total board				
Capital outlay:				
Computer and office equipment	-	130,580	-	130,580
	<u>-</u>	<u>130,580</u>	<u>-</u>	<u>130,580</u>
Total expenditures	<u>\$ 2,255,979</u>	<u>\$ 272,722</u>	<u>\$ 195,443</u>	<u>\$ 2,724,144</u>

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

Note 1 - Organization and Operations

Florida High School for Accelerated Learning – North Lee County Campus, Inc. d/b/a North Nicholas High School (the “School”), a component unit of the School Board of Lee County, Florida, was established in July 2008 as a charter school for students from ninth to twelfth grade in Lee County. As of June 30, 2022, 321 students were enrolled in the School. The School is funded primarily through the School District of Lee County, Florida. The entity was organized as a Florida nonprofit corporation. The School was granted a charter from the School District of Lee County, Florida to operate a public high school within the School District. The School Board may terminate the charter before its expiration date based on various circumstances as defined in the charter agreement.

Note 2 - Summary of Significant Accounting Policies

Reporting entity: The School operates under a charter granted by the sponsoring School Board, the School Board of Lee County, Florida (the “Board”). The current charter is effective until June 30, 2023, and may be renewed by mutual written agreement between the School and the Sponsor. At the end of the term of the charter, the Board may choose not to renew the charter under grounds specified in the charter, in which case the 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 Board may also terminate the charter if good cause is shown. The School is considered a component unit of the School Board of Lee County, Florida.

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 reporting entity's 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 basic financial statements.

Basis of presentation: Based on the guidance provided in the American Institute of Certified Public Accountants and provisions of Section 228.056(9), 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 reports the following major governmental funds:

- **General Fund** - This fund is used to account for all operating activities of the school except those required to be accounted for in another fund.
- **Special Revenue Fund** - This fund is used to account for federal grants that are legally restricted to expenditures for particular purposes.
- **Capital Projects Fund** - This fund is used to account for state capital outlay funding that is legally restricted to expenditures for particular purposes.

Measurement focus and basis of accounting: The basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied. Governmental funds use the current financial resources measurement focus and the governmental-wide statement uses the economic resources measurement focus.

Governmental activity in the government-wide basic financial statements is presented on the full accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized when incurred.

The governmental funds financial statements are presented on the modified accrual basis of accounting under which revenue is recognized in the accounting period in which it becomes susceptible to accrual (i.e., when it becomes both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within sixty days after year end or soon enough thereafter to be used to pay liabilities of the current period.

Cash and cash equivalents: The School considers all demand accounts and money market funds which are not subjected to withdrawal restrictions to be cash and cash equivalents.

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.

Due from other governments: Amounts due to the School by other governments or agencies are for grants or programs under which the services have been provided by the School. At June 30, 2022, amounts due from other governments represented funds from the Department of Education for Elementary and Secondary Emergency Assistance Grants (ESSER).

Note 2 - Summary of Significant Accounting Policies (continued)

Due to and from other funds: Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. The balances result from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

Capital assets: Capital assets purchased or acquired with an original cost of \$ 1,000 or more are capitalized at historical cost or estimated historical cost and are reported in the government-wide financial statement. Donated capital assets are valued at the estimated fair market 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 capital assets. Other costs incurred for repairs and maintenance are expense as incurred.

Depreciation on capital assets is provided on the straight-line basis over the respective useful lives ranging from 4 to 5 years.

Within governmental funds, amounts incurred for the acquisition of capital assets are reported as fund expenditures. Depreciation expense is not reported within the governmental fund financial statements.

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

Deferred outflows/inflows of resources: In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The School does not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The School has deferred inflows representing unavailable revenues in the amount of \$ 245,810 as of June 30, 2022.

Revenue recognition: Student funding is provided by the State of Florida through the School District. Such funding is recorded as entitlement revenue in the government-wide financial statements and state source revenue in the fund financial basic statements. The School District retains a 5% administration fee for enrollment up to and including 250 students. This funding is received on a pro-rata basis over a twelve-month period and is adjusted for changes in full-time equivalent (FTE) student population.

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.

Note 2 - Summary of Significant Accounting Policies (continued)

- Restricted net position - 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 will need to be funded by future operations.

Fund balance: The School has implemented the provisions of Governmental Accounting Standards Board (“GASB”) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides more clearly defined fund balance classifications to report on the nature and extent to which the School is bound to have constraints on the specific purposes for which amounts in those funds can be spent.

The following classifications describe the relative strength of the spending constraints:

- *Nonspendable fund balance* – amounts that are not in spendable form (such as prepaid items) or are legally or contractually required to be maintained intact.
- *Restricted fund balance* – amounts constrained to specific purposes by external providers (such as grantors, creditors, etc.) or imposed by law through constitutional provisions, or by enabling legislation.
- *Committed fund balance* – amounts constrained to specific purposes by formal action of the Board itself, using its highest level of decision making authority (i.e., the Board Members) through resolution or ordinance. To be reported as committed, amounts cannot be used for any other purpose unless the Board Members take the same highest level action (i.e., resolution or ordinance) to remove or change the constraint.
- *Assigned fund balance* – amounts the School intends to use for a specific purpose but are neither restricted nor committed. Assignments can be made by the Board.
- *Unassigned fund balance* – amounts that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the general fund. Positive amounts are only reported in the General Fund.

The School uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the School would first use committed fund balance, followed by assigned fund balance when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Transfers in/out: Transfers are made from the General Fund to the Capital Projects Fund to allocate the rebate on the district administrative fee that is to be used for capital outlay.

Budgets: Operating budgets are adopted and maintained by the governing board for the School pursuant to their contractual requirements. The budget is adopted using the same basis of accounting that is used in the preparation of the financial statements.

Income taxes: The School qualifies as a tax-exempt organization under Internal Revenue Code Section 501(c)(3), and is, therefore, exempt from income tax. Accordingly, no tax provision has been made in the accompanying financial statements.

Note 2 - Summary of Significant Accounting Policies (continued)

Use of estimates: The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Date of management review: Subsequent events were evaluated by management through September 12, 2022, which is the date the financial statements were available for issuance.

Note 3 - Cash and Cash Equivalents

At June 30, 2022, the carrying amount and bank balance of the deposits and cash on hand totaled \$ 301,804.

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 reporting requirements of the qualified public depository to the treasurer is defined by the 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. They are covered by the collateral pool as the School has identified itself as a public entity at June 30, 2022.

Note 4 - Capital Assets

A summary of changes in governmental capital assets is as follows:

	Balance July 1, 2021	Additions	Retirements	Balance June 30, 2022
Capital assets, being depreciated:				
Computers	\$ <u>140,957</u>	\$ <u>130,580</u>	\$ <u>-</u>	\$ <u>271,537</u>
Total capital assets being depreciated	<u>140,957</u>	<u>130,580</u>	<u>-</u>	<u>271,537</u>
Accumulated depreciation:				
Computers	<u>140,957</u>	<u>13,058</u>	<u>-</u>	<u>154,015</u>
Total accumulated depreciation	<u>140,957</u>	<u>13,058</u>	<u>-</u>	<u>154,015</u>
Net capital assets	\$ <u><u>-</u></u>	\$ <u><u>117,522</u></u>	\$ <u><u>-</u></u>	\$ <u><u>117,522</u></u>

The provision for depreciation for the year ended June 30, 2022 amounted to \$ 13,058 which was fully allocated to plant operations.

As part of the School's charter contract, all capital assets purchased with public funds will automatically revert to the District upon the non-renewal or termination of this contract.

Note 5 - Commitments and Contingencies

Management contract: The School has entered into a contractual agreement with Accelerated Learning Solutions, Inc., a Tennessee Corporation, to provide for most of the School’s resources and services. Effective May 22, 2020, the management agreement was assigned to ALS Education, LLC, a Delaware Limited Liability Company (the “Company”). The agreement began upon the commencement of the School in July 2008, and will expire in June 2023, at which time the contract will automatically renew for additional, successive five-year terms unless one party notifies the other party at least six months prior to the expiration of the contract. Under the terms of the agreement, the School is charged fees for services of ninety-seven (97%) of the Schools’ qualified gross revenues as defined by the agreement. Qualified gross revenues include various federal, state and local source revenues with certain exceptions. The qualified gross revenues do not include any federal or state awards that are intended to be a reimbursement of expenditures on a dollar for dollar basis. The Company is also entitled to all grants and contributions not defined by the agreement within the terms of qualified gross revenues.

In return for the above fees the Company shall be responsible for providing salaries for all personnel, costs for curriculum materials, textbooks, library books, facilities, computers and other equipment, software, supplies, maintenance and capital improvements of the School.

The contract may be terminated by the School for non-renewal of the charter with the School Board of Lee County, and for breaches of contract terms which have not been cured within ninety days of written notice at the time of the contract breach. The contract may be terminated by the Company for fiscal year operating deficits (excluding the first year of operations), failure to pay fees due to the Company, material changes in federal or state funding, damages to the school facility that make School operations unfeasible, uneconomical or impractical as long as such notification comes sixty days after the occurrence that caused such a situation.

Upon termination of the agreement the School has the right to have all real and personal property leases related to the School assigned to and assumed by the School as long as the lease permits assignment, purchase all personal property owned by the Company and used exclusively or primarily in connection with School operations at the asset’s “remaining cost basis” which shall be calculated based on the straight-line method of providing for depreciation. Assets with an approximate net book value of approximately \$ 77,000 as of June 30, 2022 have been identified by the Company to be used exclusively or primarily in connection with School operations. The depreciation for these assets is categorized in regular instruction and plant operations and maintenance.

As a part of the management agreement, the Company previously entered into a lease agreement for the facilities of the School, which expires in June 2023. The lease requires monthly payments of approximately \$ 15,800. The lease also calls for annual common maintenance charges to be assessed in addition to other charges including applicable taxes. The lease also contains two renewal options for five years each and assignment rights with prior approval of the landlord. Total rent expense in connection with this lease amounted to approximately \$ 200,000 for the year ended June 30, 2022.

Future lease payments are as follows:

2023	\$	190,000
Thereafter	\$	NONE

The lease payments are the ultimate responsibility of the Company, and as a result, it was determined that GASB 87, *Leases* is not required to be implemented.

Note 5 - Commitments and Contingencies (continued)

Post-retirement benefits: The School does not provide post-retirement benefits to retired employees. All employees are employees of the management company and benefits are their sole responsibility.

Note 6 - Risk Financing

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. Claims have not exceeded this commercial coverage since the School's inception.

Note 7 - Deficit Fund Balance

The School's special revenue fund shows a deficit of \$ 245,810 at June 30, 2022. This is a result of certain grant revenues not being received within sixty days of year end and thus are presented as deferred inflows of resources. This deficit is expected to get eliminated once these funds are received.

OTHER REPORTS OF INDEPENDENT AUDITORS



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
Florida High School for Accelerated Learning –
North Lee County Campus, Inc. d/b/a North Nicholas High School

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 Florida High Schools for Accelerated Learning – North Lee County Campus, Inc. d/b/a North Nicholas High School (“the School”), a component unit of the School Board of Lee 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 September 12, 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 may exist that have not been 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
September 12, 2022

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF DIRECTORS

To the Board of Directors
Florida High School for Accelerated Learning –
North Lee County Campus, Inc. d/b/a North Nicholas High School

Report on the Financial Statements

We have audited the financial statements of Florida High School for Accelerated Learning – North Lee County Campus, Inc. d/b/a North Nicholas High School (the “School”), a component unit of the School Board of Lee County, Florida, as of and for the year ended June 30, 2022, and have issued our report thereon dated September 12, 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 report, which is dated September 12, 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 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 school code assigned by the Florida Department of Education of the entity is Florida High School for Accelerated Learning – North Lee County Campus, Inc. d/b/a North Nicholas High School and 364242.

North Nicholas High School

Financial Condition and Management

Sections 10.854(1)(e)2. and 10.855(11), Rules of the Auditor General, requires us to apply appropriate procedures and communicate whether or not 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.
North Nicholas High School.

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 Web site the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that the School maintained on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes.

Additional Matters

Section 10.854(1)(e)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
September 12, 2022