

**PINEAPPLE COVE CLASSICAL  
ACADEMY, INC.**

A Charter School and Component Unit of the  
District School Board of Brevard County, Florida

**BASIC FINANCIAL STATEMENTS AND SUPPLEMENTARY  
INFORMATION**

**FOR THE YEAR ENDED JUNE 30, 2022**

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## **Independent Auditor's Report**

To the Board of Directors  
Pineapple Cove Classical Academy, Inc.  
Palm Bay, Florida

### **Report on the Audit of the Financial Statements**

#### **Opinions**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Pineapple Cove Classical Academy, Inc. ("School"), a charter school and component unit of the District School Board of Brevard County, Florida as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School, as of June 30, 2022, and the respective changes in financial position, thereof 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

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

### **Required Supplementary Information**

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

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

In accordance with Government Auditing Standards, we have also issued our report dated August 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 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.

### **Prior Period Adjustment**

As discussed in Note O to the financial statements, beginning net position balance has increased by \$604,840 because of changes in estimated depreciation related to fixed assets, and to record amortization of the bond discount in the prior year. In addition, the School implemented GASB 87 which had retroactive net effects of \$0 on the statement of net position.

### **Emphasis of Matters**

As discussed in Note J to the financial statements, effective June 30, 2022, the County adopted the provisions of Governmental Accounting Standards Board Statement 87, Leases. Our opinions are not modified with respect to this matter.

*McDonough CPA Solutions, PA*

August 29, 2022  
Rockledge, Florida

**PINEAPPLE COVE CLASSICAL ACADEMY, INC.**

A Charter School and Component Unit of the District School Board of Brevard County, Florida

**MANAGEMENT’S DISCUSSION AND ANALYSIS**

The Management’s Discussion and Analysis (MD&A) section of the annual financial report of the Pineapple Cove Classical Academy, Inc. (“School”) provides an overview of the School’s activities for the fiscal year ended June 30, 2022.

Because the information contained in the MD&A is intended to highlight significant transactions, events, and conditions, it should be considered in conjunction with the School’s financial statements and notes to financial statements, as listed in the table of contents.

**FINANCIAL HIGHLIGHTS**

- For the fiscal year ended June 30, 2022, the School’s expenses exceeded revenues as shown on the School’s statement of activities by \$358,850.
- As shown on the statement of net position, the School reported a total deficit net position balance of \$3,397,044.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The basic financial statements consist of three components:

- Government-wide financial statements
- Fund financial statements
- Notes to financial statements

**Government-Wide Financial Statements**

The government-wide financial statements provide both short-term and long-term information about the School’s overall financial condition in a manner similar to those of a private-sector business. The statements include a statement of net position and a statement of activities that are designed to provide consolidated financial information about the governmental activities of the School presented on the accrual basis of accounting. The statement of net position provides information about the government’s financial position, its assets and liabilities, using an economic resources measurement focus. The difference between the assets and liabilities, the net position, is a measure of the financial health of the School. The statement of activities presents information about the change in the School’s net position and the results of operations, during the fiscal year. An increase or decrease in net position is an indication of whether the School’s financial health is improving or deteriorating. To assess the overall financial position of the School, one needs to consider additional non-financial factors such as changes in the School student base funding level.

**PINEAPPLE COVE CLASSICAL ACADEMY, INC.**  
A Charter School and Component Unit of the District School Board of Brevard County, Florida  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Fund Financial Statements**

Fund financial statements are one of the components of the 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. Fund financial statements provide more detailed information about the School's financial activities, focusing on its most significant funds rather than fund types. This is in contrast to the entity-wide perspective contained in the government-wide financial statements.

Governmental Funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, the governmental funds utilize a spendable financial resources measurement focus rather than the economic resources measurement focus found in the government-wide financial statements. The financial resources measurement focus allows the governmental fund financial statements to provide information on near-term inflows and outflows of spendable resources as well as balances of spendable resources available at the end of the fiscal year.

The governmental fund financial statements provide a detailed short-term view that may be used to evaluate the School's near-term financing requirements. This short-term view is useful when compared to the long-term view presented as governmental activities in the government-wide financial statements. To facilitate this comparison, both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation of governmental fund to governmental activities.

The governmental funds balance sheet and statement of revenues, expenditures, and changes in fund balances provide detailed information about the School's most significant funds. The School operates four funds, a General Fund, a Debt Service Fund, a Capital Outlay Fund and Other Governmental Funds. The General Fund, Debt Service Fund, and Capital Outlay Fund are considered to be major funds.

The School adopts an annual budget for its governmental funds. A budgetary comparison schedule, as required, has been provided for the General Fund, Debt Service Fund, and Capital Outlay Fund to demonstrate compliance with the budget.

**Notes to Financial Statements**

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

**PINEAPPLE COVE CLASSICAL ACADEMY, INC.**  
A Charter School and Component Unit of the District School Board of Brevard County, Florida  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The following is a summary of the School’s current year and prior year net position:

	<u>2022</u>	<u>Restated 2021</u>	<u>Variance</u>
<b>ASSETS</b>			
Current assets and Other Assets	\$ 853,466	\$ 566,593	\$ 286,873
Noncurrent assets	3,405,933	3,306,109	99,824
Capital assets, net	<u>25,450,800</u>	<u>26,171,792</u>	(720,992)
Total assets	<u>29,710,199</u>	<u>30,044,494</u>	<u>(334,295)</u>
<b>LIABILITIES</b>			
Current liabilities	1,871,569	1,598,369	273,200
Noncurrent liabilities	<u>31,235,674</u>	<u>31,484,319</u>	(248,645)
Total liabilities	<u>33,107,243</u>	<u>33,082,688</u>	<u>24,555</u>
<b>NET POSITION</b>			
Net investment in capital assets, net of related debt	(2,717,286)	(2,242,579)	(474,707)
Restricted for Debt Service	2,360,476	2,364,526	(4,050)
Unrestricted	<u>(3,040,234)</u>	<u>(3,160,141)</u>	<u>119,907</u>
Total net position	<u>\$ (3,397,044)</u>	<u>\$ (3,038,194)</u>	<u>\$ (358,850)</u>

The increase in current assets is mainly related to amounts due from other agencies. Noncurrent assets increased mainly by additions to the right to use assets in the current year. Capital assets, net decreased by current year depreciation. Current liabilities increased due to increases in accounts payable, accrued liabilities, accrued payroll liabilities, current portion of lease liabilities and the current portion of bonds payable. Long-term liabilities decreased by the current year’s payment of principal and decreases in the lease liabilities. Net investment in capital assets decreased related to current year depreciation offset by payments to the bondholder.



**PINEAPPLE COVE CLASSICAL ACADEMY, INC.**  
A Charter School and Component Unit of the District School Board of Brevard County, Florida  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**

The following is a summary of the School’s activities for the current year and prior year:

	<u>2022</u>	<u>Restated 2021</u>	<u>Variance</u>
<b>Revenues</b>			
Program revenues			
Charges for services	\$ 444,857	\$ 390,863	\$ 53,994
Operating grants and contributions	771,558	301,151	470,407
Capital grants and contributions	1,328,964	741,049	587,915
General revenues	<u>8,106,355</u>	<u>7,515,579</u>	<u>590,776</u>
<b>Total Revenues</b>	<u>\$ 10,651,734</u>	<u>\$ 8,948,642</u>	<u>\$ 1,703,092</u>
<b>Expenses</b>			
Basic instruction	\$ 4,498,488	3,903,995	\$ 594,493
Exceptional instruction	394,857	350,744	44,113
Pupil personnel Services	186,859	280,814	(93,955)
Curriculum development	-	1,251	(1,251)
Instructional-related technology	97,392	56,819	40,573
School administration	1,645,066	1,353,275	291,791
Facilities	726,297	726,299	(2)
Food services	636,486	308,081	328,405
Transportation	3,500	875	2,625
Operation of plant	758,255	641,935	116,320
Community services	346,791	253,139	93,652
Debt service-interest & fiscal charges	<u>1,716,593</u>	<u>1,716,537</u>	<u>56</u>
<b>Total Expenses</b>	<u>\$ 11,010,584</u>	<u>\$ 9,593,764</u>	<u>\$ 1,416,820</u>
<b>Increase/(Decrease) in Net Position</b>	<u>\$ (358,850)</u>	<u>\$ (645,122)</u>	<u>\$ 286,272</u>

Charges for services increased due to charges and return to capacity for lunches and before/aftercare services. Operating grants and contributions increased due to a second elementary and secondary school emergency relief funds provided through the coronavirus aid, relief, and economic security act. Capital grants and contributions increased related to an increase in capital outlay funds and discretionary sales surtax provided through Brevard County. General revenues increased mostly due to increases in miscellaneous local, parent teacher organization, fundraising, clubs and sport revenues, management fee forgiveness and ERTC refund.

Basic instruction increased due to the teacher salary increases mandated by the State of Florida. Pupil personal services decreased due a reduction in other certified personnel. School administration increased mostly due to increases in administrators, contract services, and insurance premiums. Food services increased mostly due to other support personnel, benefits, and food costs. Operations of plant increased due to other support personnel, benefits, materials and supplies, and capital outlays purchased in the current year. Community services increased mainly due to student activities for field trip costs, supplies and materials, fundraising expenses, and parent teacher organization supplies during the year.

**PINEAPPLE COVE CLASSICAL ACADEMY, INC.**  
A Charter School and Component Unit of the District School Board of Brevard County, Florida  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS**

**GOVERNMENTAL FUNDS**

As the School completed the year, its governmental funds reported a total fund balance of \$2,129,957.

**CAPITAL ASSETS**

The School's net investment in capital assets, net of related debt for its governmental activities as of June 30, 2022, amounts to (\$2,717,286) (net of accumulated depreciation). This investment in capital assets includes, land, buildings and fixed equipment, and furniture, fixtures, right to use assets, and equipment. Additional information regarding the School's capital assets can be found in the notes to the financial statements.

**DEBT AND LONG-TERM LIABILITIES**

The School financed the acquisition and renovation of educational facilities by issuing revenue bonds series 2019A & 2019B. The bonds mature July 1, 2054 and require monthly interest and principal payments. Additional information regarding the School's long-term liabilities can be found in the notes to the financial statements.

**BUDGETARY HIGHLIGHTS**

The general fund budget for the fiscal year ended June 30, 2022, was developed based on the School's anticipated revenues and expenditures and the expected student population for the schoolyear. For the fiscal year ended June 30, 2022, the actual expenditures were equal to the final budget. Refer to the Budgetary Comparison Schedule for additional information.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Pineapple Cove Classical Academy, Inc.'s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director, Pineapple Cove Classical Academy, Inc., 6162 NW Minton Rd., Palm Bay, FL 32907.

**PINEAPPLE COVE CLASSICAL ACADEMY, INC.**  
A Charter School and Component Unit of the District School Board of Brevard County, Florida  
**STATEMENT OF NET POSITION**  
**June 30, 2022**

<b>ASSETS</b>	
<b>CURRENT ASSETS</b>	
Cash	\$ 55,657
Due from other agencies	766,943
Due from other schools	6,295
Deposits	10,000
Prepays	<u>14,571</u>
Total current assets	<u>853,466</u>
<b>NONCURRENT ASSETS</b>	
Restricted cash	3,208,377
Right-of-use assets, net of amortization	197,556
<b>CAPITAL ASSETS</b>	
Capital assets not being depreciated:	
Land	1,133,161
Capital assets, net of accumulated depreciation:	
Building and fixed equipment	24,043,810
Furniture, fixtures and equipment	260,704
Vehicles	<u>13,125</u>
Total capital assets, net	25,450,800
Total noncurrent assets	<u>28,856,733</u>
Total assets	<u>29,710,199</u>
<b>LIABILITIES AND NET POSITION</b>	
<b>LIABILITIES</b>	
Accounts payable	28,920
Accrued expense	21,173
Accrued payroll liabilities	502,644
Due to other schools	125,872
Due to management company	26,809
Accrued interest on bonds	827,806
Current portion of bond payable	256,161
Current portion of lease liabilities	82,184
Long-term liabilities:	
Lease liabilities	115,372
Due after one year - bond payable	<u>31,120,302</u>
Total liabilities	<u>33,107,243</u>
<b>NET POSITION</b>	
Net investment in capital assets, net of related debt	(2,717,286)
Restricted for:	
Debt service	2,360,476
Unrestricted	<u>(3,040,234)</u>
Total net position	<u>\$ (3,397,044)</u>

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

**PINEAPPLE COVE CLASSICAL ACADEMY, INC.**  
A Charter School and Component Unit of the District School Board of Brevard County, Florida  
**STATEMENT OF ACTIVITIES**  
**For the Fiscal Year Ended June 30, 2022**

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
<b>Governmental Activities:</b>					
Basic instruction	\$ 4,498,488	\$ -	\$ 418,858	\$ -	\$ (4,079,630)
Exceptional instruction	394,857	-	-	-	(394,857)
Pupil personnel services	186,859	-	35,415	-	(151,444)
Instructional-related technology	97,392	-	41,120	-	(56,272)
School administration	1,645,066	-	14,840	-	(1,630,226)
Facilities	726,297	-	-	-	(726,297)
Food services	636,486	214,620	132,084	-	(289,782)
Transportation	3,500	-	-	-	(3,500)
Operation of plant	758,255	-	129,241	-	(629,014)
Community services	346,791	230,237	-	-	(116,554)
Debt service - interest & fiscal charges	1,716,593	-	-	1,328,964	(387,629)
Total governmental activities	\$ 11,010,584	\$ 444,857	\$ 771,558	\$ 1,328,964	(8,465,205)
<b>General revenues:</b>					
					7,173,649
					792,513
					140,193
					8,106,355
					(358,850)
					(3,643,034)
					604,840
					(3,038,194)
					\$ (3,397,044)

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

**PINEAPPLE COVE CLASSICAL ACADEMY, INC.**  
A Charter School and Component Unit of the District School Board of Brevard County, Florida  
**BALANCE SHEET – GOVERNMENTAL FUNDS**  
**June 30, 2022**

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Outlay Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash	\$ 55,657	\$ 3,208,377	\$ -	\$ -	\$ 3,264,034
Due from other agencies	-	-	-	368,281	368,281
Due from related parties	6,295	-	-	-	6,295
Deposits	10,000	-	-	-	10,000
Prepaid	14,571	-	-	-	14,571
Due from other funds	368,281	1,078	-	-	369,359
Total assets	<u>\$ 454,804</u>	<u>\$ 3,209,455</u>	<u>\$ -</u>	<u>\$ 368,281</u>	<u>\$ 4,032,540</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 28,920	\$ -	\$ -	\$ -	\$ 28,920
Accrued expense	-	21,173	-	-	21,173
Accrued payroll liabilities	502,644	-	-	-	502,644
Accrued interest on bonds	-	827,806	-	-	827,806
Due to other schools	125,872	-	-	-	125,872
Due to management company	26,809	-	-	-	26,809
Due to other funds	1,078	-	-	368,281	369,359
Total liabilities	<u>685,323</u>	<u>848,979</u>	<u>-</u>	<u>368,281</u>	<u>1,902,583</u>
<b>FUND BALANCES</b>					
Nonspendable	24,571	-	-	-	24,571
Restricted	-	2,360,476	-	-	2,360,476
Unassigned	(255,090)	-	-	-	(255,090)
Total fund balances	<u>(230,519)</u>	<u>2,360,476</u>	<u>-</u>	<u>-</u>	<u>2,129,957</u>
Total liabilities and fund balances	<u>\$ 454,804</u>	<u>\$ 3,209,455</u>	<u>\$ -</u>	<u>\$ 368,281</u>	<u>\$ 4,032,540</u>

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

**PINEAPPLE COVE CLASSICAL ACADEMY, INC.**  
A Charter School and Component Unit of the District School Board of Brevard County, Florida  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**June 30, 2022**

Total Fund balance - Governmental Funds		\$ 2,129,957
<p>Capital assets, net of accumulated depreciation used in governmental activities are not financial resources and therefore, are not reported as assets in governmental funds consist of:</p>		
Capital assets	27,738,922	
Accumulated depreciation	<u>(2,288,122)</u>	25,450,800
<p>Right-of-use asset, net of amortization used in governmental activities are not financial resources; therefore, are not reported in the governmental funds.</p>		
		197,556
<p>Unavailable revenue in the governmental funds is susceptible to full accrual on the entity-wide</p>		
		398,662
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year-end consist of:</p>		
Current portion of bond payable	(290,000)	
Current portion of lease liabilities	(82,184)	
Due after one year - Lease liabilities	(115,372)	
Due after one year - Bond payable, net of discount	(31,120,302)	
Current portion of bond amortization	<u>33,839</u>	(31,574,019)
Net Position of Governmental Activities		<u><u>\$ (3,397,044)</u></u>

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

**PINEAPPLE COVE CLASSICAL ACADEMY, INC.**  
A Charter School and Component Unit of the District School Board of Brevard County, Florida  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES – GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended June 30, 2022**

	General Fund	Debt Service Fund	Capital Outlay Fund	Other Governmental funds	Total Governmental Funds
<b>Revenues</b>					
Federal passed through state and local	\$ 17,719	\$ -	\$ -	\$ 753,839	\$ 771,558
State passed through local school district	7,173,649	-	524,268	-	7,697,917
Other revenues	624,088	-	804,696	214,620	1,643,404
Total revenues	<u>7,815,456</u>	<u>-</u>	<u>1,328,964</u>	<u>968,459</u>	<u>10,112,879</u>
<b>Expenditures</b>					
<b>Current:</b>					
Basic instruction	4,108,837	-	-	375,644	4,484,481
Exceptional instruction	394,857	-	-	-	394,857
Pupil personnel services	151,444	-	-	35,415	186,859
Instructional-related technology	51,017	-	-	41,121	92,138
School administration	1,628,869	-	-	14,840	1,643,709
Food services	-	-	-	613,142	613,142
Operation of plant	681,781	-	-	129,241	811,022
Community service	346,791	-	-	-	346,791
Debt Service:					
Interest & fiscal charges	-	1,952,754	-	-	1,952,754
	<u>7,363,596</u>	<u>1,952,754</u>	<u>-</u>	<u>1,209,403</u>	<u>10,525,753</u>
Excess (deficiency) of revenues over (under) expenditures	451,860	(1,952,754)	1,328,964	(240,944)	(412,874)
<b>Other financing sources (uses)</b>					
Forgiveness of management advances	140,193	-	-	-	140,193
Transfers in	-	1,948,704	-	240,944	2,189,648
Transfers out	(860,684)	-	(1,328,964)	-	(2,189,648)
Total other financing sources and (uses)	<u>(720,491)</u>	<u>1,948,704</u>	<u>(1,328,964)</u>	<u>240,944</u>	<u>140,193</u>
Net change in fund balance	(268,631)	(4,050)	-	-	(272,681)
Fund balances at July 1, 2021	38,112	2,364,526	-	-	2,402,638
Fund balances at June 30, 2022	<u>\$ (230,519)</u>	<u>\$ 2,360,476</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,129,957</u>

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

**PINEAPPLE COVE CLASSICAL ACADEMY, INC.**  
A Charter School and Component Unit of the District School Board of Brevard County, Florida  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGE IN FUNDS BALANCES – GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES**  
**For the Fiscal Year Ended June 30, 2022**

Net Change in Fund Balances - Governmental Funds \$ (272,681)  
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 costs of those  
assets are allocated over their estimated useful lives and  
reported as depreciation expense. This and the net effect of  
various other transactions involving capital assets increased  
or decreased net position.

Capital outlay	79,330	
Provision for depreciation	<u>(800,322)</u>	(720,992)

Some revenues reported in the Statement of Activities are to  
be collected on a long-term basis; therefore, are not reported  
as revenues in the funds. 398,662

Expenses in the statement of activities that do not require  
the use of current financial resources are not reported in the  
governmental funds:

Amortization of bonds discounts	(33,839)	
Payment of bond principal	<u>270,000</u>	236,161

Change in Net Position - Governmental Activities	<u><u>\$ (358,850)</u></u>
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The accompanying notes to the financial statements are an integral part of this statement.



**NOTES TO FINANCIAL STATEMENTS**

**PINEAPPLE COVE CLASSICAL ACADEMY, INC.**  
A Charter School and Component Unit of the District School Board of Brevard County, Florida  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**1. Reporting Entity**

Pineapple Cove Classical Academy, Inc., (“School”) is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act. The governing body of the School is the not-for-profit corporation Board of Directors, which is comprised of not less than three members.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, the District School Board of Brevard County, Florida, (“District”). The current charter is effective until June 30, 2023 and is subject to annual review and may be renewed by mutual agreement between the School and the District. 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 this 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. In the event of termination of the charter, the District shall assume operation of the School. The School is considered a component unit of the District; therefore, for financial reporting purposes, the School is required to follow generally accepted accounting principles applicable to state and local governmental units.

Criteria for determining if other entities are potential component units which should be reported within the School's basic financial statements are identified and described in the Governmental Accounting Standards Board's (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*, Sections 2100 and 2600. The application of these criteria provides for identification of any entities for which the School is financially accountable and other organizations for which the nature and significance of their relationship with the School are such that exclusion would cause the School's basic financial statements to be misleading or incomplete. Based on these criteria, no component units are included within the reporting entity of the School.

**2. Basis of Presentation**

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.

**PINEAPPLE COVE CLASSICAL ACADEMY, INC.**  
A Charter School and Component Unit of the District School Board of Brevard County, Florida  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

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

**2. Basis of Presentation (continued)**

Program revenues include charges paid by the recipient of the goods or services offered by the program, grants, and contributions that are restricted to meeting the operational or capital requirements of a particular program.

Revenues that are not classified as program revenues are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School.

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

The School's major governmental funds are as follows:

General Fund – to account for all financial resources not required to be accounted for in another fund, and for certain revenues from the State that are legally restricted to be expended for specific current operating purposes.

Debt Service Fund – to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest.

Capital Outlay Fund – to account for financial resources that are restricted, committed or assigned to expenditures for capital outlays.

**3. Basis of Accounting**

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

The government-wide financial statements are prepared using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of the related cash flows. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been satisfied.

**PINEAPPLE COVE CLASSICAL ACADEMY, INC.**  
A Charter School and Component Unit of the District School Board of Brevard County, Florida  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

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

**3. Basis of Accounting (continued)**

Governmental fund financial statements are prepared using the modified accrual basis of accounting. Revenues, except for certain grant revenues, are recognized when they become measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The School considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. 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 recognized when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized when due. Allocations of cost, such as depreciation, are not recognized in governmental funds.

**4. Cash and Cash Equivalents**

Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term liquid investments with original maturities of three months or less at the date of acquisition.

Cash deposits consist of demand deposits held by local financial institutions. Deposits on hand at financial institutions are insured by the Federal Deposit Insurance Company up to \$250,000.

**5. Investments**

The School had not adopted a written investment policy. Therefore, pursuant to Florida Statutes, the School is authorized to invest in the Florida PRIME investment pool, administered by the State Board of Administration (SBA); Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency; interest-bearing time deposits and savings accounts in qualified public depositories, as defined by Section 280.02, Florida Statutes; and direct obligations of the United States Treasury.

The School's investments are set aside to make debt service payments, maintain sinking or reserve funds, and to purchase or construct capital assets and are classified as restricted. These investments are reported as restricted in the Debt Service Fund in the Balance Sheet – Governmental Funds.

**PINEAPPLE COVE CLASSICAL ACADEMY, INC.**  
A Charter School and Component Unit of the District School Board of Brevard County, Florida  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

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

**6. Capital Assets**

Expenditures for capital assets acquired or constructed for general School purposes are reported in the governmental fund that financed the acquisition or construction. The capital assets so acquired are reported at cost in the government-wide statement of net position but are not reported in the governmental fund financial statements.

Capital assets are defined by the School as those costing more than \$1,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at fair value at the date of donation.

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings and fixed equipment	10-40
Furniture, fixtures and equipment	5
Vehicles	5

**7. Noncurrent Liabilities**

Long-term obligations are reported in the government-wide financial statements and are financed by resources to be received in the future. Capital improvement debt is reported net of unamortized discount. The School amortizes debt discounts over the life of the debt using the straight-line method. Current-year information relative to changes in long-term debt is described in Note G.

**8. 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 then. The School does not have any items that qualify for reporting in this category.

**PINEAPPLE COVE CLASSICAL ACADEMY, INC.**  
A Charter School and Component Unit of the District School Board of Brevard County, Florida  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**9. Net Position and Fund Balance Classification**

*Government-wide Financial Statements*

Net Position is classified and reported in three components:

Net Investment in Capital Assets – consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any borrowings that are attributed to the acquisition or improvement of those assets.

Restricted Net Position – consists of net position with constraints placed on their use either by external groups such as creditors, contributors, or laws or regulations of other governments.

Unrestricted Net Position – all other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

*Fund Financial Statements*

GASB Codification Section 1800.142, *Fund Balance Reporting and Governmental Fund Type Definitions*, defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB requires the fund balance amounts to be reported within one of the following fund balance categories:

- Nonspendable – fund balance associated with inventories, prepaid expenses, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed or assigned). All nonspendable fund balances at year end relate to assets that are in nonspendable form.
- Restricted – fund balance that can be spent only for the specific purposes stipulated by the constitutional provisions, external resource providers, or through enabling legislation.
- Committed – fund balance that can be used only for the specific purposes determined by a formal action of the School’s Board of Directors.
- Assigned – fund balance that is intended to be used by the School’s management for specific purposes but does not meet the criteria to be classified as restricted or committed.
- Unassigned – fund balance that is the residual amount for the School’s general fund and includes all spendable amounts not contained in the other classifications.

The School would typically use restricted fund balance first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reverses the right to selectively spend unassigned resources first to defer use of these other classified funds. No other fund besides the general fund can have negative amounts of fund balance.

**PINEAPPLE COVE CLASSICAL ACADEMY, INC.**  
A Charter School and Component Unit of the District School Board of Brevard County, Florida  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**10. Revenue Sources**

Revenues for current operations are received primarily from the District 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 students and related data to the District.

Under provisions of Section 1011.62, Florida Statutes, the District reports the number of full-time equivalent 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 full-time equivalent students (FTE) reported by the School during designated full-time equivalent student survey periods. The Department may also adjust subsequent fiscal period allocations based upon an audit of the School's compliance in determining and reporting FTE and related data. Normally, such adjustments are treated as reductions or additions of revenue in the year when the adjustments are made

The basic amount of funding through the FEFP under Section 1011.62 is the product of the (1) unweighted FTE, multiplied by (2) the cost factor for each program, multiplied by (3) the base student allocation established by the legislature. Additional funds for exceptional students who do not have a matrix of services are provided through the guaranteed allocation designated in Section 1011.62(1)(e)2., Florida Statutes. For the fiscal year ended June 30, 2022, the School reported an estimated base funding of weighted FTE's of 1,057.98.

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

- Attendance and membership documentation (Rule 6A-1.044, FAC).
- Teacher certificates and other certification documentation (Rule 6A-1.0503, FAC).
- Documentation for instructors teaching out-of-field (Rule 6A-1.0503, FAC).
- Procedural safeguards for weighted programs (Rule 6A-6.03411, FAC).
- Evaluation and planning documents for weighted programs (Section 1010.305, Florida Statutes, and Rule 6A-6.03411, FAC).

The School receives federal or state awards for the enhancement of various educational programs. This assistance is generally received based on applications submitted to and approved by various granting agencies. For federal or state awards in which a claim to these grant proceeds is based on incurring eligible expenditures, revenue is recognized to the extent that eligible expenditures have been incurred.

**PINEAPPLE COVE CLASSICAL ACADEMY, INC.**  
A Charter School and Component Unit of the District School Board of Brevard County, Florida  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**10. Revenue Sources (continued)**

The School follows the policy of applying restricted resources prior to applying unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted assets are available.

**11. Income Taxes**

The School is exempt from Federal tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been included in the accompanying financial statements. Additionally, no uncertain tax positions have been made requiring disclosure in the related note to financial statements. The School's income tax returns for the past three years are subject to examination by tax authorities and may change upon examination.

**12. Use of Estimates**

In preparing the financial statements in conformity with generally accepted accounting principles in the United States (GAAP) management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the statement of net position and affect revenues and expenditures for the period presented. Actual results could differ from those estimates

**13. Subsequent Events**

Management has evaluated subsequent events through August 29, 2022, the date which the financial statement were available for issuance; and has determined that no material event occurred that would require additional disclosure in the financial statement.

**NOTE B – CASH**

Cash is made of deposits and cash on hand totaling \$55,657. The School's deposit must be placed with a financial institution designation by the Treasurer of the State of Florida as a "qualified public depository", as defined in Chapter 280, Florida Statutes. The School has identified itself as a public entity. As of June 30, 2022, no amount of the School's cash balances held were exposed to custodial credit risk. In addition, the School reported restricted cash in the amount of \$3,208,377 was reported as a cash equivalent for financial statement reporting purposes (See Note C).



**PINEAPPLE COVE CLASSICAL ACADEMY, INC.**  
A Charter School and Component Unit of the District School Board of Brevard County, Florida  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

**NOTE C – RESTRICTED CASH**

The School’s restricted cash is categorized under the fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

All of the School’s recurring fair value measurements as of June 30, 2022 are valued using quoted market prices (Level 1 inputs).

The School’s investments at June 30, 2022, are reported as follows:

Investment	Amount
Wilmington US Government Money Market Fund	\$ 3,208,377
Total	\$ 3,208,377

**NOTE D – DUE TO/FROM OTHER AGENCIES, OTHER SCHOOLS, OR MANAGEMENT COMPANY**

The amount of \$766,943 was due from other agencies on the School’s statement of net position and balance sheets - governmental funds consisting of funds due from the District School Board of Brevard County for sales surtax, and elementary and secondary school emergency relief fund, school lunch reimbursements, and capital outlay funds. This receivable is considered fully collectible and therefore, no allowance for uncollectible accounts has been established. Also, the School owed an amount due to other schools for \$125,872 related to the Pineapple Cove Classical Academy at West Melbourne for purchases made on behalf of the School. Lastly, the School had a receivable due from other schools in the amount of \$6,295 for purchases made on its behalf.

**PINEAPPLE COVE CLASSICAL ACADEMY, INC.**  
A Charter School and Component Unit of the District School Board of Brevard County, Florida  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

**NOTE E – CHANGES IN CAPITAL ASSETS**

Changes in capital assets are presented in the table below.

	Balance at July 1, 2021	Additions	Deletions	Balance at June 30, 2022
Capital assets not being depreciated:				
Land	\$ 1,133,161	\$ -	\$ -	\$ 1,133,161
Total capital assets not being depreciated	<u>1,133,161</u>	<u>-</u>	<u>-</u>	<u>1,133,161</u>
Capital assets depreciated:				
Building and equipment	25,854,972	68,887	-	\$ 25,923,859
Furniture, fixtures and equipment	653,959	10,443	-	664,402
Motor vehicles	17,500	-	-	17,500
Total capital assets depreciated	<u>26,526,431</u>	<u>79,330</u>	<u>-</u>	<u>26,605,761</u>
Less accumulated depreciation:				
Building and equipment	1,210,632	669,417	-	1,880,049
Furniture, fixtures and equipment	276,293	127,405	-	403,698
Motor vehicles	875	3,500	-	4,375
Total accumulated depreciation	<u>1,487,800</u>	<u>800,322</u>	<u>-</u>	<u>2,288,122</u>
Total capital assets, net	<u>\$ 26,171,792</u>	<u>\$ (720,992)</u>	<u>\$ -</u>	<u>\$ 25,450,800</u>

Depreciation expense for the year ended June 30, 2022 was charged to functions of the School as follows:

Basic instruction	\$ 14,007
Facilities	726,297
Food service	23,344
Instructional Technology	5,254
Plant	26,563
School Administration	1,357
Transportation	3,500
	<u>\$ 800,322</u>

**NOTE F – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

At June 30, 2022, the School's General Fund owed \$368,281 to the Other Governmental Funds for amounts due from the School District of Brevard County for sales surtax, and elementary and secondary school emergency relief fund, school lunch reimbursements and capital outlay funds. Also, the Debt Service Fund owed the General fund the amount of \$1,078 to service the debt.

**PINEAPPLE COVE CLASSICAL ACADEMY, INC.**  
A Charter School and Component Unit of the District School Board of Brevard County, Florida  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

**NOTE G – BONDS PAYABLE**

Bonds payable at June 30, 2022, are as follows:

<u>Bond Type</u>	<u>Amount Outstanding</u>	<u>Interest Rates</u>	<u>Annual Maturity to</u>
Revenue Bonds:			
Series 2019A	\$ 31,510,000	4.5-5.5 percent	2054
Series 2019B	290,000	6 percent	2022
less: Unamortized Bond Discount	<u>(423,537)</u>		
Total Bond Payable	<u>\$ 31,376,463</u>		

**Revenue Bonds Series 2019A and 2019B** – On February 13, 2019, the School issued tax-exempt revenue bonds (Series 2019A) for \$31,510,000 and taxable revenue bonds (Series 2019B) for \$560,000 secured by a mortgage on the School’s property and buildings. The bonds were issued to finance the acquisition of land with an existing building and to finance the construction, improvement, installation, and equipment purchase of the new educational facility.

Series 2019A bonds are term bonds paying interest semi-annually at rates ranging from 4.5% to 5.375% with maturities starting July 1, 2023 and ending July 1, 2054. Series 2019B bonds are term bonds paying interest semi-annually at a rate of 6% and principal payments semi-annually with maturities starting July 1, 2021, and ending July 1, 2022.

As required by the bond resolution, the District has established a sinking fund and reserve account and has accumulated and maintained adequate resources in the sinking fund and reserve account.

The School is required to disclose its debt service coverage ratio and days cash on hand as described in the Loan Agreement. The minimum debt service coverage ratio is 1.1 to 1 (the “Debt Service Coverage Requirement”) as of June 30, 2022. The calculated Debt Service Coverage requirement was 1.1 to 1 as of June 30, 2022. Further, the School agrees to have cash on hand at June 30, 2022 and each June 30 thereafter, until the bonds are no longer outstanding in an amount not less than 45 days of the cash on hand calculation. As of June 30, 2022, the calculated days cash on hand was below the 45 days limit at 2.0 days. As such, the Trustee may hire a Management Consultant related to the days cash on hand noncompliance. In the event, the School may agree to consider any recommendations by the Management Consultant and, to the fullest extent practicable, to adopt and carry out such recommendations. In addition, the School will pay for all reasonable costs associated with such Management Consultant.

**PINEAPPLE COVE CLASSICAL ACADEMY, INC.**  
A Charter School and Component Unit of the District School Board of Brevard County, Florida  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

**NOTE G – BONDS PAYABLE (Continued)**

**Revenue Bonds Series 2019A and 2019B (continued)**

Annual requirements to amortize all bonded debt outstanding as of June 30, 2022, are as follows:

<u>Fiscal Year Ending June 30:</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 1,928,813	\$ 290,000	\$ 1,638,813
2024	2,055,325	435,000	1,620,325
2025	2,065,075	465,000	1,600,075
2026	2,063,700	485,000	1,578,700
2027	2,061,425	505,000	1,556,425
2028-2032	10,193,694	2,785,000	7,408,694
2033-2037	10,032,922	3,385,000	6,647,922
2038-2042	10,078,084	4,425,000	5,653,084
2043-2047	10,098,319	5,775,000	4,323,319
2048-2052	9,568,613	6,950,000	2,618,613
2053-2055	6,903,075	6,300,000	603,075
Less: Unamortized Bond Discount	<u>(423,537)</u>	<u>(423,537)</u>	<u>-</u>
Total	<u>\$ 66,625,508</u>	<u>\$ 31,376,463</u>	<u>\$ 35,249,045</u>

The following is a summary of changes in long-term liabilities:

	<u>July 1, 2021</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2022</u>	<u>Due in one year</u>
Governmental Activities:					
Bond Payable	\$ 32,070,000	\$ -	\$ (270,000)	\$ 31,800,000	\$ 290,000
Unamortized Discount	(457,376)	-	33,839	(423,537)	(33,839)
Total Bond Payable	<u>31,612,624</u>	<u>-</u>	<u>(236,161)</u>	<u>31,376,463</u>	<u>256,161</u>
Total Governmental Activities	<u>\$ 31,612,624</u>	<u>\$ -</u>	<u>\$ (236,161)</u>	<u>\$ 31,376,463</u>	<u>\$ 256,161</u>

**PINEAPPLE COVE CLASSICAL ACADEMY, INC.**  
A Charter School and Component Unit of the District School Board of Brevard County, Florida  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

**NOTE H – MANAGEMENT AGREEMENT**

The School entered into a management agreement on June 30, 2018 with Classical Education Management, L.L.C. Inc. to operate and manage the School. The management fee is \$480 per full-time equivalent (“FTE”) student enrolled at Charter School per year, payable monthly. Monthly installments are adjusted throughout the year as the Charter School’s FEFP are received from the Brevard County School District. The contract recognizes the importance of the employment of a Director of Operations. This individual is an employee of the Charter School, however, the Management Company will reimburse the School for salaries and benefits of the Director of Operations. The amount of these reimbursements received during the fiscal year ended June 30, 2022 was \$66,383. The total amount paid on the Management Agreements during the fiscal year ended June 30, 2022 totaled \$488,012. In addition, the Management Company has provided the School with cash advances to meet the cash flow needs in operations. As of June 30, 2022, the Management Company has forgiven advances in the amount of \$140,193.

**PINEAPPLE COVE CLASSICAL ACADEMY, INC.**  
A Charter School and Component Unit of the District School Board of Brevard County, Florida  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

**NOTE I – CONCENTRATIONS**

As stated in Note A-10, the School receives revenue for current operations primarily from the State of Florida through the local school district.

The following is a schedule of revenues sources and amounts:

Revenue sources passed through the School Board of Brevard County, Florida		
Florida education finance program	\$	4,594,608
Class size reduction		984,521
Discretionary millage		479,611
ESE guaranteed allocation		287,631
Supplemental academic instruction		272,932
Teacher salary increases allocation		173,935
Discretionary compression		112,562
Instructional materials		75,393
Safe schools		62,244
Student reserve allocation		58,464
Reading allocation		40,915
Mental health		40,548
Library media		4,768
Science lab material allocation		1,106
Digital classroom allocation		1,621
Less administration fee		<u>(35,238)</u>
Total revenue sources passed through the School Board of Brevard County, Florida		<u>7,155,621</u>
Florida teacher classroom supply assistance		
Charter school sales surtax		804,696
ESSER		621,755
Other revenue		610,047
Charter school capital outlay		538,309
ERTC Refund		398,662
School lunch revenue		214,620
School lunch reimbursement		132,084
Forgiveness of management advances		140,193
IDEA		17,719
Classroom supply assistance		17,578
Miscellaneous state source		450
Total revenue	\$	<u><u>10,651,734</u></u>

As provided in the charter school contract, the District has charged the School an administrative fees totaling \$35,238.

**PINEAPPLE COVE CLASSICAL ACADEMY, INC.**  
A Charter School and Component Unit of the District School Board of Brevard County, Florida  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

**NOTE J – LEASE LIABILITIES AND RIGHT-OF-USE ASSETS**

As of June 30, 2022, the School implemented GASB 87 to account for Leases. As of this date, the School held or entered into leases for computer equipment and copiers for use in classrooms. The leases are noncancellable, with terms ranging from thirty-three to sixty-three months. The leases have nonrenewal clauses and computers and copiers revert to the lessor at the end of the lease. The payment schedule for reducing the lease liabilities is as follows:

	<u>Date</u>	<u>July 1, 2021</u>	<u>Additions</u>	<u>Interest Paid</u>	<u>Principal Paid</u>	<u>Total Payment</u>	<u>June 30, 2022, Ending Balance</u>	<u>Current Portion of Lease Liabilities</u>
<b>Copiers</b>								
	1/26/2018	13,429	-	130	7,636	7,766	5,793	5,793
	3/22/2019	23,108	-	220	13,804	14,024	9,304	9,304
	8/15/2019	36,701	-	410	11,741	12,151	24,960	11,896
<b>Computers</b>								
	6/26/2019	29,263	-	192	29,263	29,455	-	-
	11/21/2019	5,354	-	41	4,940	4,981	414	414
	5/9/2022	-	166,326	176	9,241	9,417	157,085	54,777
<b>Totals</b>		<u>107,855</u>	<u>166,326</u>	<u>1,169</u>	<u>76,625</u>	<u>77,794</u>	<u>197,556</u>	<u>82,184</u>

In relationship to the lease liabilities, the School chooses to amortize the right-of-use assets on a straight-line basis. Changes in right-of-use assets are presented in the table below:

	<u>July 1, 2021</u>	<u>Additions</u>	<u>Decreases</u>	<u>June 30, 2022</u>
<b>Right-of-use Assets</b>				
Copiers	166,180	-	-	166,180
Computers	108,042	166,326	-	274,368
Total right-of-use assets, being amortized	<u>274,222</u>	<u>166,326</u>	<u>-</u>	<u>440,548</u>
Less accumulated amortization:				
Copiers	92,943	33,181	-	126,124
Computers	73,424	43,444	-	116,868
Total accumulated amortization	<u>166,367</u>	<u>76,625</u>	<u>-</u>	<u>242,992</u>
Total lease assets being amortized, net	<u>\$ 107,855</u>	<u>\$ 89,701</u>	<u>\$ -</u>	<u>\$ 197,556</u>

\*Amortization expense was charged to governmental functions as follows:

Basic Instruction	\$ 76,625
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**PINEAPPLE COVE CLASSICAL ACADEMY, INC.**  
A Charter School and Component Unit of the District School Board of Brevard County, Florida  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

**NOTE K – RETIREMENT PLAN**

The School participates in a defined contribution 403(b) plan for its full time employees. Contributions made by the School totaled \$98,890 for the year ended June 30, 2022, which were computed at 3% of employee's deferral of wages for each participating employee. The employee must choose between a pretax or a Roth post tax deferral. Contributions are directed to individual employee's accounts, and the individual employees allocate contributions and account balances among various available investment choices. Therefore, the School has no liability for the administration or payments of benefits of the plan, and accordingly the present value of the related benefits is not reflected in the financial statements. The School's Board of Directors sets the plan contribution rate annually.

**NOTE L – COMMITMENTS AND CONTINGENT LIABILITIES**

The School participates in state grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies, therefore, to the extent that the School has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivables at June 30, 2022, may be impaired.

In the opinion of the School, there are no significant liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

**NOTE M – RISK MANAGEMENT PROGRAMS**

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the School carries commercial insurance. There have been no significant reductions in insurance coverage and settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

**NOTE N – LEGAL MATTERS**

In the normal course of conducting its operations, the School occasionally becomes party to various legal actions and proceedings. In the opinion of management, the ultimate resolution of such legal matters will not have a significant adverse effect on the accompanying financial statements.

**NOTE O – ADJUSTMENT TO BEGINNING NET POSITION**

An adjustment to the beginning net position for the Statement of Activities was made to reflect the correction of depreciation expenses and amortization of discount of bonds not previously recorded. The beginning net position balance of (\$3,643,034), as previously reported, has been increased by \$604,840 to a restated beginning net position of (\$3,038,194) on the Statement of Activities, made to record the depreciation expense of \$638,679 offset by the amortization of bond discount of (\$33,839).



**REQUIRED SUPPLEMENTARY INFORMATION**

**PINEAPPLE COVE CLASSICAL ACADEMY, INC.**

A Charter School and Component Unit of the District School Board of Brevard County, Florida

**REQUIRED SUPPLEMENTARY INFORMATION****BUDGETARY COMPARISON SCHEDULE****GENERAL FUND**

For the Fiscal Year Ended June 30, 2022

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Federal through State and Local	\$ -	\$ 17,719	\$ 17,719	\$ -
State Sources	7,406,865	7,173,649	7,173,649	-
Other revenues	225,000	624,088	624,088	-
Total revenues	<u>7,631,865</u>	<u>7,815,456</u>	<u>7,815,456</u>	<u>-</u>
Expenditures				
Basic instruction	3,803,808	4,108,837	4,108,837	-
Exceptional instruction	401,032	394,857	394,857	-
Pupil Personnel Services	230,662	151,444	151,444	-
Instructional-related Technology	-	51,017	51,017	-
School administration	1,296,391	1,628,869	1,628,869	-
Operation of plant	455,191	681,781	681,781	-
Maintenance of plant	8,300	-	-	-
Community service	155,339	346,791	346,791	-
Total expenditures	<u>6,350,723</u>	<u>7,363,596</u>	<u>7,363,596</u>	<u>-</u>
Excess of revenues over expenditures	1,281,142	451,860	451,860	-
Other financing uses:				
Forgiveness of management advances	-	140,193	140,193	-
Transfers out	<u>(486,602)</u>	<u>(860,684)</u>	<u>(860,684)</u>	<u>-</u>
Net change in fund balance	<u>794,540</u>	<u>(268,631)</u>	<u>(268,631)</u>	<u>-</u>
Fund Balances, July 1, 2021	<u>38,112</u>	<u>38,112</u>	<u>38,112</u>	<u>-</u>
Fund balance at June 30, 2022	<u>\$ 832,652</u>	<u>\$ (230,519)</u>	<u>\$ (230,519)</u>	<u>\$ -</u>

See accompanying note to required supplementary information

**PINEAPPLE COVE CLASSICAL ACADEMY, INC.**  
A Charter School and Component Unit of the District School Board of Brevard County, Florida  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**DEBT SERVICE FUND**  
For the Fiscal Year Ended June 30, 2022

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Other revenues	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures				
Debt Service:				
Interest & fiscal charges	<u>1,925,613</u>	<u>1,952,754</u>	<u>1,952,754</u>	<u>-</u>
Total expenditures	<u>1,925,613</u>	<u>1,952,754</u>	<u>1,952,754</u>	<u>-</u>
Deficiency of revenues under expenditures	(1,925,613)	(1,952,754)	(1,952,754)	-
Other financing sources (uses):				
Transfers in	<u>1,547,712</u>	<u>1,948,704</u>	<u>1,948,704</u>	<u>-</u>
Net change in fund balance	<u>(377,901)</u>	<u>(4,050)</u>	<u>(4,050)</u>	<u>-</u>
Fund Balances, July 1, 2021	<u>2,364,526</u>	<u>2,364,526</u>	<u>2,364,526</u>	<u>-</u>
Fund balances at June 30, 2022	<u><u>\$ 1,986,625</u></u>	<u><u>\$ 2,360,476</u></u>	<u><u>\$ 2,360,476</u></u>	<u><u>\$ -</u></u>

See accompanying note to required supplementary information

**PINEAPPLE COVE CLASSICAL ACADEMY, INC.**  
A Charter School and Component Unit of the District School Board of Brevard County, Florida  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**CAPITAL OUTLAY FUND**  
For the Fiscal Year Ended June 30, 2022

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
State passed through local school district	\$ 563,363	\$ 524,268	\$ 524,268	\$ -
Other revenues	<u>555,360</u>	<u>\$ 804,696</u>	<u>804,696</u>	<u>-</u>
Total revenues	<u>1,118,723</u>	<u>1,328,964</u>	<u>1,328,964</u>	<u>-</u>
Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	1,118,723	1,328,964	1,328,964	-
Other financing sources and (uses)				
Transfers out	<u>(1,119,126)</u>	<u>(1,328,964)</u>	<u>(1,328,964)</u>	<u>-</u>
Total other financing sources and (uses)	<u>(1,119,126)</u>	<u>(1,328,964)</u>	<u>(1,328,964)</u>	<u>-</u>
Net change in fund balance	(403)	-	-	-
Fund Balances, July 1, 2021	<u>403</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances at June 30, 2022	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See accompanying note to required supplementary information

**PINEAPPLE COVE CLASSICAL ACADEMY, INC.**

A Charter School and Component Unit of the District School Board of Brevard County, Florida

**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION**

June 30, 2022

**1. BUDGETARY BASIS OF ACCOUNTING**

Budgets are presented on the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the object level (e.g., salaries and benefits, purchased services, materials and supplies and capital outlay) within each activity (e.g., instruction, pupil personnel services and school administration). Budgets may be amended by resolution at any Board meeting prior to the date for the annual report.

**Independent Auditor's Report on Internal Control Over Financial Reporting and  
Compliance and Other Matters Based on an Audit of Financial Statements Performed in  
Accordance with *Governmental Auditing Standards***

To the Board of Directors  
Pineapple Cove Classical Academy, Inc.,  
Palm Bay, 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 *Governmental 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 Pineapple Cove Classical Academy, Inc. ("School"), a charter school and component unit of the District School Board of Brevard 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 August 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

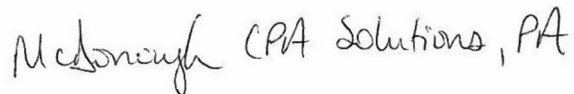
## Report on Compliance and Other Matters

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

Respectfully,

Handwritten signature in cursive script that reads "McDonough CPA Solutions, PA".

August 29, 2022  
Rockledge, Florida

**Management Letter as Required by Rules of the Florida Auditor General,  
Chapter 10.850, Florida Statutes, *Charter School Audits***

To the Board of Directors  
Pineapple Cove Classical Academy, Inc.  
Palm Bay, Florida

**Report on the Financial Statements**

We have audited the financial statements of the Pineapple Cove Classical Academy, Inc. (“School”), a Charter School and Component Unit of the District School Board of Brevard County, Florida, as of and for the fiscal year ended June 30, 2022, and have issued our report thereon dated August 29, 2021.

**Auditor’s Responsibility**

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

**Other Reporting Requirements**

We have issued our Independent Auditor’s Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Governmental Auditing Standards*. Disclosures in that report, which is dated August 29, 2021, should be considered in conjunction with this management letter.

**Prior Audit Findings**

Section 10.854(1)(e)1, Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no prior audit 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 and the school code assigned by the Florida Department of Education of the entity is Pineapple Cove Classical Academy, Inc., 056543.



## **Financial Condition and Management**

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

Pursuant to Sections 10.854(1)(e)6.a and 10.855(12), Rules of the Auditor General, we applied financial condition assessment procedures for the School. It is management's responsibility to monitor the School's financial condition, and our financial condition assessment was based in part on representations made by management and 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.

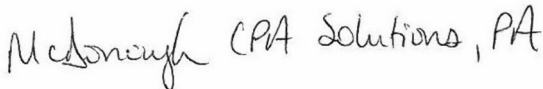
## **Additional Matters**

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

Respectfully,

 McDonald CPA Solutions, PA

August 29, 2022  
Rockledge, Florida

## **MANAGEMENT FINDINGS, RECOMMENDATIONS AND RESPONSES**

For the years ended June 30, 2022 and 2021, there were no findings, recommendations or other matters.