

ROYAL PALM CHARTER SCHOOL, INC.

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 of
Royal Palm Charter School, 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 Royal Palm Charter School, Inc. (the "School"), a component unit of the Brevard County District School Board, 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, 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 (reference table of content) 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 September 27, 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.

McDonough CPA Solutions, PA

Rockledge, Florida
September 27, 2022

Management's Discussion and Analysis

This discussion and analysis of the School's financial performance provides an overview of the School's financial activities for the fiscal year ended June 30, 2022. Please read it in conjunction with the School's financial statements, which follow this section.

Financial Highlights

- The School had total revenues of \$3,618,138 compared to expenses for the year of \$3,327,703.
- The School's overall net position increased by \$290,435.
- Total ending unrestricted net position was \$1,000,959.
- The School educated 332 and 323 students in the years ending June 30, 2022 and 2021, respectively, serving grades K-8.

Overview of the Basic Financial Statements

This annual report contains government-wide financial statements that report on the School's activities as a whole and fund financial statements that report on the School's individual funds.

Government-wide Financial Statements.

The first financial statement is the Statement of Net Position. This statement includes all of the School's assets and liabilities using the accrual basis of accounting. Accrual accounting is similar to the accounting used by most private-sector companies. All of the current year revenues and expenses are recorded, regardless of when cash is received or paid. Net position, the difference between assets and liabilities, can be used to measure the School's financial position.

The second financial statement is the Statement of Activities. This statement is also shown using the accrual basis of accounting. It shows the increases and decreases in net position during the fiscal year. Over time, the increases or decreases in net position are useful indicators of whether the School's financial health is improving or deteriorating. However, other non-financial factors, such as enrollment levels or changes in state funding, must also be considered when assessing the overall health of the School.

In these statements, all of the School's activities are considered to be governmental activities. The School has no business-type activities, which are generally financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements. Following the government-wide financial statements are the fund financial statements. They provide more detailed information about the School's funds.

The School maintains four individual governmental funds, the General Fund, Capital Outlay Fund, Debt Service Fund, and Special Revenue Fund – Elementary and Secondary School Emergency Relief (ESSER). These funds are considered to be major funds and, accordingly, they are separately displayed.

Management's Discussion and Analysis (continued)

Governmental funds. Governmental funds are accounted for using modified accrual accounting. Modified accrual accounting focuses on available cash and other financial assets that can readily be converted to cash. This provides a shorter-term view of the fund's financial position. A reconciliation is provided with these statements, which helps to explain the differences between the fund financial statements and the government-wide financial statements.

CONDENSED FINANCIAL INFORMATION

The following tables presents condensed, government-wide current year and prior year data about net position and changes in net position.

NET POSITION	<u>2022</u>	<u>2021</u>	<u>Variance</u>
ASSETS			
Current assets	\$ 1,378,336	\$ 1,097,762	\$ 280,574
Capital assets - net	<u>3,081,214</u>	<u>3,109,315</u>	<u>(28,101)</u>
Total assets	<u>4,459,550</u>	<u>4,207,077</u>	<u>252,473</u>
LIABILITIES			
Current liabilities	145,868	150,285	(4,417)
Noncurrent liabilities	<u>2,851,982</u>	<u>2,885,527</u>	<u>(33,545)</u>
Total liabilities	<u>2,997,850</u>	<u>3,035,812</u>	<u>(37,962)</u>
NET POSITION			
Net investment in capital assets	189,664	180,826	8,838
Restricted	271,077	-	271,077
Unrestricted	<u>1,000,959</u>	<u>990,439</u>	<u>10,520</u>
Total net position	<u>\$ 1,461,700</u>	<u>\$ 1,171,265</u>	<u>\$ 290,435</u>

The increase in current assets was due mainly to increases in amounts due from other agencies and prepaid expenses for educational software. The decrease in capital assets was due to current year depreciation. The decrease in noncurrent liabilities was a result of current year payment of principal on the mortgage.

Management's Discussion and Analysis (continued)

	<u>2022</u>	<u>2021</u>	<u>Variance</u>
Revenues			
Program revenues			
Charges for services	\$ 55,462	\$ 496	\$ 54,966
Operating grants and contributions	584,130	438,099	146,031
Capital grants and contributions	486,765	300,913	185,852
Federal direct	162,272	-	162,272
General revenues	2,329,509	2,466,099	(136,590)
PPP loan forgiveness	-	392,860	(392,860)
	<u>\$ 3,618,138</u>	<u>\$ 3,598,467</u>	<u>\$ 19,671</u>

Charges for services increased mostly to fees for aftercare services and club and sport activities for the year. Operating grants and contributions increased due to the education and secondary school emergency relief funds granted by the CARES act. The increase of capital grants and contributions was the result of an increase in sales surtaxes for the year. Federal direct increased due to the employee retention credit received during the year. The decrease in general revenues was due to a decrease in revenues from school programs. The decrease in the PPP loan forgiveness was related to the recognition of revenues for the forgiveness of the loan in the prior year.

	<u>2022</u>	<u>2021</u>	<u>Variance</u>
Expenses			
Basic instruction	\$ 1,590,861	\$ 1,474,459	\$ 116,402
Exceptional instruction	225,308	254,335	(29,027)
Guidance services	55,653	45,425	10,228
Parental involvement	2,026	3,488	(1,462)
Instructional staff training services	6,900	-	6,900
Instructional related technology	106,437	80,470	25,967
School administration	695,388	537,964	157,424
Food services	141,964	119,245	22,719
Operation of plant	179,801	180,625	(824)
Community service	115,309	34,060	81,249
Debt service	208,056	199,203	8,853
	<u>3,327,703</u>	<u>2,929,274</u>	<u>398,429</u>
Change in net position	290,435	669,193	(378,758)
Net position at beginning of year	<u>1,171,265</u>	<u>502,072</u>	<u>669,193</u>
Net position at end of year	<u>\$ 1,461,700</u>	<u>\$ 1,171,265</u>	<u>\$ 290,435</u>

The increase in basic instruction was due mostly to increases in salaries for teachers related to state salary increase mandates and purchases of textbooks, capital outlay for AV materials and furniture, fixtures, and equipment. Exceptional instruction decreased due mostly to decreases in the salaries and benefits. School administration increased due to increases for salaries and benefits, professional and technical services, and dues and fees. The increase in community service was caused by the return to normal service for aftercare services and sports/clubs.

Management's Discussion and Analysis (continued)

Governmental Activities. The governmental activities generated \$1,126,357 in program revenues, federal direct of \$162,272, general revenue of \$2,329,509, and incurred program expenses of \$3,327,703. This resulted in a \$290,435 increase in net position.

The School's individual Funds

General Fund. The fund balance of the General Fund increased by \$10,520 to a total fund balance of \$1,000,959 in 2022 and had an increase of \$313,876 with a total fund balance of \$990,439 in 2021.

Capital Outlay Fund: The fund balance of the Capital Outlay Fund increased to \$165,689 in 2022 from \$0 in 2021.

Debt Service Fund. The fund balance of the Debt Service Fund remained the same at \$0.

Special Revenue Fund – Elementary and Secondary School Emergency Relief (ESSER). The fund balance of the Special Revenue Funds (ESSER) increased by \$105,388 in 2022 from \$0 in 2021.

Other Governmental Fund. The fund balance of the Other Governmental Funds had a balance of \$0 in 2022 and 2021.

Budgetary Highlights

General Fund: The Board of Directors amends the School's budget throughout the fiscal year to reflect changes in expected revenue and expenditures and changes in FTE counts. The Board of Directors has approved a motion to adjust the 2022 general fund budget to the actual 2022 general fund year-end financials. Thus, the final approved general fund budget is equal to the general fund statements of revenues, expenditures, and changes in fund balances. The budgetary information can be found listed in the table of contents.

Capital Assets and Debt Administration

Capital Assets. The School experienced minimal capital asset activity for the year. Please refer to a note to the accompanying financial statements entitled capital assets and depreciation for more detailed information about the School's capital asset activity.

Debt Administration. Please refer to a note to the accompanying financial statements entitled long-term liabilities for more detailed information about the School's long-term debt activity.

Economic Factors

A majority of the School's funding is determined by the number of enrolled students. The School is forecasting enrollment to be approximately 335 student in the 2022-2023 school year from 332 in the 2021-2022 school year.

Contacting the School's Financial Management

This financial report is designed to provide a general overview of the School's finances and to show the School's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Shannon Sviben, Director, Royal Palm Charter School, 7145 South Babcock St., S.E., Palm Bay, FL, 32909.

ROYAL PALM CHARTER SCHOOL, INC.

STATEMENT OF NET POSITION

JUNE 30, 2022

ASSETS

CURRENT ASSETS

Cash	\$	802,372
Due from other agencies		363,792
Prepaid expenses		118,900
Deposits		5,022
Due from charterholder		88,250
Total current assets		<u>1,378,336</u>

CAPITAL ASSETS

Capital assets not being depreciated:		
Land		126,616
Construction in progress		8,226
Capital assets, net of accumulated depreciation:		
Improvements other than buildings		14,396
Furniture, fixtures and equipment		120,462
Building		2,807,176
Audio visual materials		4,338
Total capital assets, net		<u>3,081,214</u>
Total assets		<u>4,459,550</u>

LIABILITIES AND NET POSITION

CURRENT LIABILITIES

Accounts payable		33,983
Accrued payroll liabilities		72,317
Long-term debt		
Due within one year		39,568
Total current liabilities		<u>145,868</u>

NONCURRENT LIABILITIES

Long-term debt		
Due within more than one year		2,851,982
Total liabilities		<u>2,997,850</u>

NET POSITION

Net investment in capital assets		189,664
Restricted for:		
Capital outlay fund		165,689
Special Revenue Fund - Elementary and Secondary		
School Emergency Relief (ESSER)		105,388
Unrestricted		1,000,959
Total net position	\$	<u>1,461,700</u>

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

ROYAL PALM CHARTER SCHOOL, INC.

STATEMENT OF ACTIVITIES

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
Governmental activities:					
Basic instruction	\$ 1,590,861	\$ -	\$ 357,309	\$ -	\$ (1,233,552)
Exceptional instruction	225,308	-	-	-	(225,308)
Guidance services	55,653	-	2,500	-	(53,153)
Parental involvement	2,026	-	2,026	-	-
Instructional staff training services	6,900	-	6,900	-	-
Instructional related technology	106,437	-	79,017	10,450	(16,970)
School administration	695,388	-	20,260	-	(675,128)
Food services	141,964	1,046	113,518	-	(27,400)
Operation of plant	179,801	-	1,600	316,910	138,709
Community service	115,309	54,416	1,000	-	(59,893)
Debt service	208,056	-	-	159,405	(48,651)
Total governmental activities	\$ 3,327,703	\$ 55,462	\$ 584,130	\$ 486,765	\$ (2,201,346)
					162,272
					Federal direct
					General revenues:
					Florida education finance program 2,286,270
					Other state revenue 16,828
					Other revenues 26,411
					Total general revenues 2,329,509
					Total revenues 2,491,781
					Change in net position 290,435
					Net position at July 1, 2021 1,171,265
					Net position at June 30, 2022 \$ 1,461,700

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

ROYAL PALM CHARTER SCHOOL, INC.
BALANCE SHEET – GOVERNMENTAL FUNDS
Year Ended June 30, 2022

	<u>General Fund</u>	<u>Capital Outlay Fund</u>	<u>Debt Service</u>	<u>Special Revenue Fund - Elementary and Secondary School Emergency Relief (ESSER)</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash	\$ 802,372	\$ -	\$ -	\$ -	\$ -	\$ 802,372
Due from other agencies	162,272	47,953	-	120,605	32,962	363,792
Deposits	5,022	-	-	-	-	5,022
Prepaid expenses	118,900	-	-	-	-	118,900
Due from charterholder	88,250	-	-	-	-	88,250
Due from other funds	-	117,736	-	-	-	117,736
Total assets	<u>\$ 1,176,816</u>	<u>\$ 165,689</u>	<u>\$ -</u>	<u>\$ 120,605</u>	<u>\$ 32,962</u>	<u>\$ 1,496,072</u>
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ 33,983	\$ -	\$ -	\$ -	\$ -	\$ 33,983
Accrued payroll liabilities	72,317	-	-	-	-	72,317
Due to other funds	69,557	-	-	15,217	32,962	117,736
Total liabilities	<u>175,857</u>	<u>-</u>	<u>-</u>	<u>15,217</u>	<u>32,962</u>	<u>224,036</u>
FUND BALANCES						
Nonspendable						
Prepays	118,900	-	-	-	-	118,900
Deposits	5,022	-	-	-	-	5,022
Restricted	-	165,689	-	105,388	-	271,077
Unassigned	877,037	-	-	-	-	877,037
Total fund balances	<u>1,000,959</u>	<u>165,689</u>	<u>-</u>	<u>105,388</u>	<u>-</u>	<u>1,272,036</u>
Total liabilities and fund balances	<u>\$ 1,176,816</u>	<u>\$ 165,689</u>	<u>\$ -</u>	<u>\$ 120,605</u>	<u>\$ 32,962</u>	<u>\$ 1,496,072</u>

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

ROYAL PALM CHARTER SCHOOL, INC.

RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION

Year Ended June 30, 2022

Total Fund Balance - Governmental Funds		\$	1,272,036
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. Those assets consist of:			
Capital assets	4,180,719		
Accumulated depreciation	<u>(1,099,505)</u>		3,081,214
Noncurrent liabilities are not due and payable in the current period and therefore are not reported in the funds.			(2,891,550)
Net Position of Governmental Activities		<u>\$</u>	<u>1,461,700</u>

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

ROYAL PALM CHARTER SCHOOL, INC.

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS**

Year Ended June 30, 2022

	General Fund	Capital Outlay Fund	Debt Service Fund	Special Revenue Fund - Elementary and Secondary School Emergency Relief (ESSER)	Other Governmental Funds	Total Governmental Funds
Revenues						
Federal direct	\$ 162,272	\$ -	\$ -	\$ -		\$ 162,272
Federal through state and local	-	-	-	378,145	268,155	646,300
State passed through local school district	2,295,645	159,405	-	-	7,453	2,462,503
Other revenues	80,827	265,190	-	-	1,046	347,063
Total revenues	2,538,744	424,595	-	378,145	276,654	3,618,138
Expenditures						
Current:						
Basic instruction	1,329,470	-	-	127,157	124,764	1,581,391
Exceptional instruction	225,308	-	-	-	-	225,308
Guidance services	53,153	-	-	2,500	-	55,653
Parental involvement	-	-	-	-	2,026	2,026
Instructional staff training services	-	-	-	6,900	-	6,900
Instructional related technology	16,970	-	-	59,620	29,847	106,437
School administration	582,305	-	-	20,260	-	602,565
Food services	-	-	-	2,000	141,859	143,859
Operation of plant	184,867	13,911	-	53,320	-	252,098
Community service	114,309	-	-	1,000	-	115,309
Debt service:						
Principal and interest	-	-	244,995	-	-	244,995
	2,506,382	13,911	244,995	272,757	298,496	3,336,541
Excess (deficiency) of revenues over (under) expenditures	32,362	410,684	(244,995)	105,388	(21,842)	281,597
Other financing sources and (uses)						
Transfers in	-		244,995	-	21,842	266,837
Transfers out	(21,842)	(244,995)	-	-	-	(266,837)
Total other financing sources and (uses)	(21,842)	(244,995)	244,995	-	21,842	-
Net change in fund balance	10,520	165,689	-	105,388	-	281,597
Fund balances at July 1, 2021	990,439	-	-	-	-	990,439
Fund balances at June 30, 2022	\$ 1,000,959	\$ 165,689	\$ -	\$ 105,388	\$ -	\$ 1,272,036

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

ROYAL PALM CHARTER SCHOOL, INC.

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

Year Ended June 30, 2022

Net Change in Fund Balances - Governmental Funds	\$	281,597
<p>The change in net position reported for governmental activities in the statement of activities is different because:</p>		
<p>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 net position.</p>		
Capital outlay	77,867	
Provision for depreciation	(105,968)	(28,101)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net position.</p>		
Principal payment on long-term debt	36,939	36,939
Change in Net Position - Governmental Activities	\$	290,435

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

ROYAL PALM CHARTER SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2022

NOTE A - SUMMARY OF REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Royal Palm Charter School, Inc. conform to generally accepted accounting principles as applicable to governments. The more significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

1. Reporting entity

Royal Palm Charter School, Inc. is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act, and Section 1002.33, Florida Statutes. The not-for-profit corporation began conducting business as Royal Palm Charter School, Inc. (the "School") in 2006. The governing body of the School is the not-for-profit corporation's Board of Directors. The financial statements are a presentation of the charter school and not a complete presentation of the not-for-profit.

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 Brevard County District School Board (the "District"). The current charter is effective until June 30, 2031 and may be renewed provided that a program review demonstrates that certain criteria addressed in Section 1002.33(7), Florida Statutes, have been successfully accomplished. At the end of the term of the charter, the District may choose not to renew the charter under grounds specified in the charter, in which case the District is required to notify the School in writing at least 90 days prior to the charter's expiration. Pursuant to Section 1002.33(8)(e), Florida Statutes, the charter school contract provides that in the event the School is dissolved or terminated, any unencumbered funds and all School property purchased with public funds automatically revert to the District. During the term of the charter, the District may also terminate the charter if good cause is shown. The School is considered a component unit of the District.

Criteria for determining if other entities are potential component units of the School which should be reported with 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 provide 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.

ROYAL PALM CHARTER SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2022

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

2. Government-wide financial statements

The government-wide financial statements (the Statement of Net Position and the Statement of Activities) report information on all of the activities of the School. Governmental activities are reported separately from business-type activities, which rely on fees charged to external parties as their primary revenues. The School has no business-type activities. Any internal activity has been eliminated from the government-wide financial statements.

The Statement of Net Position reports the School's financial position as of the end of the fiscal year. In this statement, the School's net position is reported in three categories: net investment in capital assets; restricted net position; and unrestricted net position.

The Statement of Activities is displayed using a net-cost format and reports the degree to which the direct expenses of a given function are offset by program revenues, direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges for services that are directly related to a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Other items not properly included among program revenues are reported instead as general revenues.

3. Fund financial statements

The financial transactions of the School are reported in individual funds in the fund financial statements. The governmental fund statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental funds.

The following funds are used by the School:

GOVERNMENTAL FUNDS

General Fund: The general fund is the general operating fund of the School. It is used to account for all financial resources, except those associated with grants that are restricted to specified uses.

Capital Outlay Fund: The Capital Outlay Fund is used to account for financial resources associated with grants that are restricted to capital uses.

ROYAL PALM CHARTER SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2022

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

4. Fund financial statements (continued)

Debt Service Fund: The Debt Service Fund is used to account for the resources accumulated and payments made for principal and interest on the mortgage.

Special Revenue Fund – Elementary and Secondary School Emergency Relief (ESSER): The Special Revenue Fund – Elementary and Secondary School Emergency Relief (ESSER) is used to account for types of revenues that are legally restricted to being spent for a specific purpose (except for expendable trusts or major capital projects).

Other Governmental Funds: The Other Governmental Funds is used to account for specific revenue sources that are legally restricted to expenditures for specific purposes – e.g. National School Lunch Program, Title I, Title II, etc.

In the accompanying fund financial statements, the General Fund, Capital Outlay Fund, Debt Service Fund, and Special Revenue Fund are considered to be major funds and, therefore, are separately displayed. The School also has an Other Governmental Fund which is considered non-major funds.

5. Measurement focus and basis of accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both 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. For this purpose, the School considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when the related fund liability is incurred. However, debt service expenditures are recorded only when payment is due.

Most revenues are considered to be susceptible to accrual and have been measured in the current fiscal period. Certain other items are considered to be measurable and available only when cash is received.

6. Cash and cash equivalents

Cash consists of deposits in financial institutions. At times, such deposits may be in excess of the Federal Deposit Insurance Corporation (FDIC) insurance limit. At June 30, 2022, there was \$324,547 held in excess of FDIC insurance coverage. The School has no history of loss due to exceeding coverage limitations. The School has no policy regarding deposit custodial credit risk.

ROYAL PALM CHARTER SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2022

NOTE A - SUMMARY OF REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES
(continued)

7. Prepaid items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid assets are reported as "non-spendable" in the funds financial statements to indicate that prepaids do not represent available expendable resources.

Capital assets and depreciation

Capital assets are defined by the School as assets with an initial, individual cost of \$1,000 or more and an estimated useful life of more than one year. These assets are recorded at historical cost. Donated capital assets are recorded at their acquisition value at the date of donation. Depreciable capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Improvements other than buildings	5-15
Furniture, fixtures and equipment	5-10
Building	40
Audio visual materials	5

8. 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 Florida Statutes, the School reports the number of FTE students and related data to the District. Under the provisions of Florida Statutes, the District reports the number of FTE students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program. Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the Florida Educational Finance Program and the actual weighted FTE students reported by the School during the designated full-time equivalent student survey periods. The School also receives other financial assistance. This assistance is generally based on applications submitted to and approved by the granting agency.

9. Long-term liabilities

Long-term debt and other long-term obligations are reported in the government-wide financial statements. Long-term liabilities are not reported in the governmental funds because governmental funds use the current financial resources measurement focus.

ROYAL PALM CHARTER SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2022

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

10. Interfund activity

Activity between the funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as due to/from other funds. At the end of the year, the general fund, special revenues-Elementary and Secondary School Emergency Relief (ESSER), and other governmental fund's amounts due to the capital outlay fund and was \$69,557, \$15,217 and \$32,962, respectively.

Transfers are used to move unrestricted general fund revenues to finance programs (i.e. national school lunch program) that the School must account for in other funds. During the year, the general fund transferred \$21,842 to the other governmental funds and the capital outlay fund transferred \$244,995 to the debt service fund.

11. Net position

Net position represents the difference between assets and liabilities and is reported in three categories as hereafter described. *Net investment in capital assets*, represents capital assets, net of accumulated depreciation and any outstanding debt related to those assets.

Net position is reported as *restricted* when there are legal limitations imposed on its use by legislation, or external restrictions imposed by other governments, creditors, or grantors. *Unrestricted* net position is net position that does not meet the definition of the classifications previously described. When both restricted and unrestricted resources are available for use, it is the School's policy to use restricted resources first, and then unrestricted resources as they are needed.

12. Fund balance classification

Governmental funds report separate classifications of fund balance.

Non-Spendable: The non-spendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted: The restricted fund balance is defined as having restrictions (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Committed: Committed fund balance is defines as amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the School's Board of Directors.

ROYAL PALM CHARTER SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2022

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

12. Fund balance classification (continued)

Assigned: Assigned fund balance is defined as amounts that are constrained by the intent of the School's Board of Directors to be used for specific purposes but are neither restricted nor committed. The School has given the authority to assign fund balance to the School's Principal. Assigned fund balance includes spendable fund balance amounts established by the Principal that are intended to be used for specific purposes that are neither considered restricted or committed. Assignment of fund balance may be (a) made for a specific purpose that is narrower than the general purposes of the government itself; and/or (b) used to reflect the appropriation of a portion of existing unassigned fund balance to eliminate a projected deficit in the subsequent year's budget in an amount no greater than the projected excess of expected expenditures over expected revenues. Assigned fund balance shall reflect management's intended use of resources as set forth each year by the Principal. Assigned fund balance may or may not be appropriated for expenditure in the subsequent year depending on the timing of the project/reserve for which it was assigned.

Unassigned: Unassigned fund balance is the residual classification for the general fund. It is the policy of the School to use restricted resources to the extent which they are available, then committed resources, followed by assigned resources. Once these are consumed, the School will then use unassigned resources. The School does not have a formal policy requiring a minimum fund balance.

13. Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make various estimates. Actual results could differ from those estimates.

14. Income taxes

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

The School recognizes the financial statement effects from a tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position.

Examples of tax positions include the tax-exempt status of the School and various positions related to the potential sources of unrelated business taxable income. The assessment of the technical merits of a tax position is a matter of judgment. The School believes that all of its tax positions are more likely than not to be sustained upon examination. The School files Form 990 in the U.S. federal jurisdiction.

ROYAL PALM CHARTER SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2022

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

15. Budget

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

NOTE B – RISK MANAGEMENT

The School is exposed to various risks of loss, including general liability, personal injury, workers compensation, and errors and omissions. To manage its risks, the School has purchased commercial insurance. Settled claims resulting from these risks have not exceeded commercial coverage in the current and previous two years.

NOTE C – CAPITAL ASSETS

Changes in capital assets were as follows:

	Balance at July 1, 2021	Additions	Deletions	Balance at June 30, 2022
Capital assets not depreciated:				
Land	\$ 126,616	-	-	\$ 126,616
Construction in progress	-	8,226	-	8,226
Capital assets depreciated:				
Improvements other than buildings	345,003	-	-	345,003
Equipment under capital lease	246,325	-	-	246,325
Furniture, fixtures and equipment	331,521	67,591	-	399,112
Building	3,048,517	-	-	3,048,517
Audio visual materials	4,870	2,050	-	6,920
Total capital assets depreciated	<u>4,102,852</u>	<u>77,867</u>	-	<u>4,180,719</u>
Less accumulated depreciation:				
Improvements other than buildings	328,696	1,911	-	330,607
Equipment under capital lease	246,325	-	-	246,325
Furniture, fixtures and equipment	252,190	26,460	-	278,650
Building	165,128	76,213	-	241,341
Audio visual materials	1,198	1,384	-	2,582
Total accumulated depreciation	<u>993,537</u>	<u>105,968</u>	-	<u>1,099,505</u>
Total capital assets, net	<u>\$ 3,109,315</u>	<u>\$ (28,101)</u>	<u>\$ -</u>	<u>\$ 3,081,214</u>

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

Basic instruction	\$ 13,145
School administration	<u>92,823</u>
	<u>\$ 105,968</u>

ROYAL PALM CHARTER SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2022

NOTE D – CONCENTRATIONS

Revenue sources

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

Revenue sources passed through the School Board of Brevard County, Florida	
Base funding	\$ 1,510,651
Class size reduction	324,196
Discretionary millage	158,475
ESE guaranteed allocation	106,191
Supplemental academic instruction	89,031
Teacher salary increase allocation	57,472
Discretionary tax compression	36,718
Instructional materials allocation	24,593
Safe schools	20,304
Student reserve allocation	19,318
Reading allocation	13,519
Mental health allocation	13,227
Library media materials	1,555
Digital classroom	529
Less administration fee	<u>(89,509)</u>
	2,286,270
ESSER	378,145
Sales surtax	265,190
Capital outlay	159,405
Title I	156,636
IDEA	7,453
Florida teacher classroom supply assistance	<u>5,862</u>
Total Revenue sources passed through the School Board of Brevard County, Florida	3,258,961
Employee retention credit	162,272
National school lunch program	111,519
Before/after care	44,632
Other revenue	39,229
Student lunches	1,046
Miscellaneous state sources	<u>479</u>
Total revenue	<u><u>\$ 3,618,138</u></u>

ROYAL PALM CHARTER SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2022

NOTE E – LONG TERM LIABILITIES

During March 2019, the School entered into a mortgage loan with Ameris Bank with a term of 30 years. The terms of the loan provide for monthly installments of principal and interest in the amount of \$19,458 including interest at 6.75% based upon a thirty-year amortization schedule. The interest rate can be adjusted every 5 years after the initial payment to reflect the maximum prime interest rate in the Wall Street Journal plus 1.25%. The mortgage is secured by the educational facility and land.

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

Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022	Amount Due in 1 Year
\$ 2,928,489	\$ -	\$ 36,939	\$ 2,891,550	\$ 39,568

Aggregate annual maturities for long-term liabilities over each of the next five years and thereafter are as follows:

2023	\$ 39,568
2024	42,323
2025	45,270
2026	48,422
2027	51,794
Thereafter	<u>2,664,173</u>
	<u>\$ 2,891,550</u>

NOTE F – CONTINGENT LIABILITIES

The School is involved in litigation with its prior management company. The School is vigorously contesting the claims against the School and has countersued the management company. It is impossible to determine the outcome of the litigation, however, management does not believe it will be required to pay any damages and has not recorded a related liability as of June 30, 2022.

NOTE G - SUBSEQUENT EVENTS

In accordance with GASB Codification Section 2250.106, the School has evaluated subsequent events and transactions for potential recognition or disclosure through September 27, 2022, which is the date the financial statements were available be issued except as follows:

- In the 2022-2023 school year, the School has begun construction on a new parking lot with the estimated cost to be around \$250,000.

REQUIRED SUPPLEMENTARY INFORMATION

ROYAL PALM CHARTER SCHOOL, INC.

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL – GENERAL FUND**

For the Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Federal passed through state and local	\$ -	\$ 162,272	\$ 162,272	\$ -
State passed through local school district	2,364,515	2,295,645	2,295,645	-
Other revenues	1,000	80,827	80,827	-
Total revenues	<u>2,365,515</u>	<u>2,538,744</u>	<u>2,538,744</u>	<u>-</u>
Expenditures				
Current:				
Basic instruction	1,315,386	1,329,470	1,329,470	-
Exceptional instruction	150,861	225,308	225,308	-
Guidance services	52,127	53,153	53,153	-
Staff development	26,650	-	-	-
Instructional related technology	1,500	16,970	16,970	-
School administration	509,019	582,305	582,305	-
Fiscal services	12,100	-	-	-
Operation of plant	183,083	184,867	184,867	-
Maintenance of plant	5,300	-	-	-
Community service	-	114,309	114,309	-
	<u>2,256,026</u>	<u>2,506,382</u>	<u>2,506,382</u>	<u>-</u>
Excess of revenues over (under) expenditures	109,489	32,362	32,362	-
Other financing uses				
Transfers out	51,791	(21,842)	(21,842)	-
Total other financing uses	<u>51,791</u>	<u>(21,842)</u>	<u>(21,842)</u>	<u>-</u>
Net change in fund balance	161,280	10,520	10,520	-
Fund balances at July 1, 2021	990,439	990,439	990,439	-
Fund balances at June 30, 2022	<u>\$ 1,151,719</u>	<u>\$ 1,000,959</u>	<u>\$ 1,000,959</u>	<u>\$ -</u>

See note to required supplementary information.

ROYAL PALM CHARTER SHOOOL, INC.

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL – CAPITAL OUTLAY FUND

Year the Ended June 30, 2022

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Charter school capital outlay	\$ 155,288	\$ 159,405	\$ 159,405	\$ -
Other revenues	<u>180,000</u>	<u>265,190</u>	<u>265,190</u>	-
Total revenues	335,288	424,595	424,595	-
Expenditures				
Operation of plant	<u>50,000</u>	<u>13,911</u>	<u>13,911</u>	-
Excess of revenues over expenditures	285,288	410,684	410,684	-
Other financing uses				
Transfers out	<u>(298,589)</u>	<u>(244,995)</u>	<u>(244,995)</u>	-
Total other financing uses	<u>(298,589)</u>	<u>(244,995)</u>	<u>(244,995)</u>	-
Net change in fund balance	(13,301)	165,689	165,689	-
Fund balances at July 1, 2021	<u>-</u>	<u>-</u>	<u>-</u>	-
Fund balances at June 30, 2022	<u>\$ (13,301)</u>	<u>\$ 165,689</u>	<u>\$ 165,689</u>	<u>\$ -</u>

See note to required supplementary information.

ROYAL PALM CHARTER SHOOOL, INC.

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL – DEBT SERVICE FUND

Year the Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
State passed through local school district	\$ -	\$ -	\$ -	\$ -
Expenditures				
Debt service:				
Principal and interest	233,496	244,995	244,995	-
Excess of revenues over expenditures	(233,496)	(244,995)	(244,995)	-
Other financing uses				
Transfers in	233,496	244,995	244,995	-
Total other financing uses	233,496	244,995	244,995	-
Net change in fund balance	-	-	-	-
Fund balances at July 1, 2021	-	-	-	-
Fund balances at June 30, 2022	\$ -	\$ -	\$ -	\$ -

See note to required supplementary information.

ROYAL PALM CHARTER SHOOOL, INC.

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL – SPECIAL REVENUE FUND -
 ELEMENTARY AND SECONDARY SCHOOL EMERGENCY RELIEF (ESSER)

Year the Ended June 30, 2022

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
Revenues				
Federal passed through state and local	\$ 145,000	\$ -	\$ -	\$ -
Total revenues	<u>145,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures				
Basic instruction	145,000	127,157	127,157	-
Guidance services	-	2,500	2,500	-
Instructional staff training services	-	6,900	6,900	-
Instructional related technology	-	59,620	59,620	-
School administration	-	20,260	20,260	-
Food services	-	2,000	2,000	-
Operation of plant	-	53,320	53,320	-
Community service	-	1,000	1,000	-
Total expenditures	<u>145,000</u>	<u>272,757</u>	<u>272,757</u>	<u>-</u>
Net change in fund balance	-	(272,757)	(272,757)	-
Fund balances at July 1, 2021	-	-	-	-
Fund balances at June 30, 2022	<u>\$ -</u>	<u>\$ (272,757)</u>	<u>\$ (272,757)</u>	<u>\$ -</u>

See note to required supplementary information.

ROYAL PALM CHARTER SCHOOL, INC.

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

Year the Ended June 30, 2022

NOTE A - BUDGETARY INFORMATION

Budgetary basis of accounting

Annual budgets are adopted for the entire operations and may be amended by the Board of Directors (the "Board"). The budgets presented for fiscal year ended June 30, 2022, have been amended according to Board procedures. Budgets are adopted on the modified accrual basis of accounting. The legal level of budgetary control is the fund level.

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

COMPLIANCE INFORMATION

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

To the Board of Directors of
Royal Palm Charter School, 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 *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Royal Palm Charter School, Inc. (the "School"), a component unit of the Brevard County District School Board, 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 27, 2022.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

McDonough CPA Solutions, PA

September 27, 2022
Rockledge, Florida

MANAGEMENT LETTER

To the Board of Directors of
Royal Palm Charter School, Inc.
Palm Bay, Florida

Report on the Financial Statements

We have audited the financial statements of Royal Palm Charter School, Inc. (the "School"), as of and for the fiscal year ended June 30, 2022, and have issued our report thereon dated September 27, 2022.

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 *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 Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated September 27, 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. In that regard, there are no uncorrected findings to report.

Official Title

Section 10.854(1)(e)5., Rules of the Auditor General, requires that the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title and school code assigned by the Florida Department of Education of the entity are *Royal Palm Charter School, Inc.; (6509)*.

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 warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Board of Directors, applicable management, and the school board of Brevard County, Florida and is not intended to be and should not be used by anyone other than these specified parties.

McDonough CPA Solutions, PA

September 27, 2022
Rockledge, Florida

MANAGEMENT FINDINGS, RECOMMENDATIONS AND RESPONSES

For the year ended June 30, 2022 and June 30, 2021, there were no management findings, recommendations or responses.