

Seaside School Consortium, Inc.
d/b/a Seaside Community Charter School
a/k/a Seaside Charter San Jose
(A Component Unit of the Duval County
School Board, Florida)

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



**Seaside School Consortium, Inc.
d/b/a Seaside Community Charter School
a/k/a Seaside Charter San Jose**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Seaside School Consortium, Inc.
d/b/a Seaside Community Charter School
a/k/a Seaside Charter San Jose

Report on the Audit of Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Seaside School Consortium, Inc. d/b/a Seaside Community Charter School a/k/a Seaside Charter San Jose (the "School"), a component unit of the Duval County 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, and respective budgetary comparison for the General Fund and Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 7 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 19, 2022, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.



KEEFE McCULLOUGH

Fort Lauderdale, Florida
September 19, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

**Seaside School Consortium, Inc.
d/b/a Seaside Community Charter School
a/k/a Seaside Charter San Jose
Management's Discussion and Analysis
June 30, 2022**

As management of Seaside School Consortium, Inc. d/b/a Seaside Community Charter School a/k/a Seaside Charter San Jose (the "School"), a component unit of the Duval County School Board, Florida (the "School Board"), we offer readers of the School's basic financial statements this narrative overview and analysis of the financial activities of the School for the year ended June 30, 2022 with certain comparative information will for 2021.

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

Financial Highlights

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

- The School's total assets exceeded its liabilities by \$ 1,345,980 (net position). This amount includes a net investment in capital assets of \$ 42,306, an amount restricted for capital outlay of \$ 258,706 and an unrestricted net position of \$ 1,044,968.
- The School's total revenues were \$ 3,437,596 including \$ 2,575,163 from grants and entitlements, \$ 748,029 from program revenues, and \$ 114,404 from miscellaneous revenues. The School's expenses for the year were \$ 3,173,875. Net position for the year increased by \$ 263,721.

Overview of the Financial Statements

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

Government-Wide Financial Statements: The government-wide basic financial statements are designed to provide readers with a broad overview of the School's finances, in a manner similar to a private sector business.

The statement of net position presents information on all of the School's assets, liabilities, and deferred inflows/outflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the net position of the School is improving or deteriorating.

The statement of activities presents information showing how the School's net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this Statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected revenues and services rendered but unpaid).

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

The government-wide basic financial statements can be found on pages 8 and 9 of this report.

Fund Basic Financial Statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the School's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and change in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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

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

The governmental fund financial statements can be found on pages 10 through 15 of this report.

Notes to Basic Financial Statements: The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to basic financial statements can be found on pages 16 through 22 of this report.

Government-Wide Financial Analysis

The School's net position was \$ 1,345,980 at June 30, 2022 and \$ 1,082,259 at June 30, 2021.

Seaside School Consortium, Inc.
d/b/a Seaside Community Charter School
a/k/a Seaside Charter San Jose
Management's Discussion and Analysis
June 30, 2022

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

Seaside School Consortium, Inc. d/b/a Seaside Community Charter School a/k/a Seaside Charter San Jose Net Position		
	June 30, 2022	June 30, 2021
	<u> </u>	<u> </u>
Assets:		
Current assets	\$ 1,432,479	\$ 1,087,161
Noncurrent assets	51,306	157,223
	<u> </u>	<u> </u>
Total assets	1,483,785	1,244,384
	<u> </u>	<u> </u>
Liabilities:		
Current liabilities	137,805	162,125
	<u> </u>	<u> </u>
Total liabilities	137,805	162,125
	<u> </u>	<u> </u>
Net Position:		
Net investment in capital assets	42,306	48,223
Restricted for capital outlay	258,706	-
Unrestricted	1,044,968	1,034,036
	<u> </u>	<u> </u>
Total net position	\$ 1,345,980	\$ 1,082,259
	<u> </u>	<u> </u>

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

Seaside School Consortium, Inc. d/b/a Seaside Community Charter School a/k/a Seaside Charter San Jose Change in Net Position		
	June 30, 2022	June 30, 2021
	<u> </u>	<u> </u>
Revenues:		
General revenues	\$ 2,689,567	\$ 2,614,930
Program revenues	748,029	277,787
	<u> </u>	<u> </u>
Total revenues	3,437,596	2,892,717
	<u> </u>	<u> </u>
Functions/Program Expenses:		
Instruction	2,030,250	1,520,381
Instructional support services	1,033,298	763,694
Operation of noninstructional services	110,327	97,859
	<u> </u>	<u> </u>
Total expenses	3,173,875	2,381,934
	<u> </u>	<u> </u>
Change in net position	\$ 263,721	\$ 510,783
	<u> </u>	<u> </u>

Seaside School Consortium, Inc.
d/b/a Seaside Community Charter School
a/k/a Seaside Charter San Jose
Management’s Discussion and Analysis
June 30, 2022

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

Functions/Programs	2022		2021	
	Expenditures	Percent	Expenditures	Percent
Governmental expenditures:				
Instructional expenditures	\$ 2,017,957	64%	\$ 1,506,089	63%
Plant operations and maintenance	385,215	12%	279,079	12%
Administrative services	583,569	18%	423,211	18%
All other functions/programs	181,217	6%	161,018	7%
Total governmental expenditures	\$ 3,167,958	100%	\$ 2,369,397	100%

Capital Assets and Debt Administration

Capital assets: At June 30, 2022, the School reported capital assets net of accumulated depreciation of \$ 42,306, as compared to \$ 48,223 at June 30, 2021.

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

General Fund Budgetary Highlights

Total actual revenues were unfavorable to the budget by approximately \$ 184,000 due in large part to Florida Education Finance Program funding for our school based on projected student count due to the nuances of the pandemic. Total actual expenditures were favorable to the budget by approximately \$ 170,000 due largely to the CARES Act Economic Relief Bill that covered many of the School’s operational expenses incurred due to efforts to reduce the spread of COVID-19. See page 14 for budget and actual comparisons.

Economic Factors and Next Year’s Budget

When adopting the budget for the fiscal year 2022-23, the School expects maximum enrollment due to applications of interest creating a wait list of interested families.

Amounts available for appropriation are approximately \$ 5,199,000 which is an increase over the 2021-22 revenues which were approximately \$ 2,649,000. Also, a third round of ESSER (Elementary and Secondary School Emergency Relief) funds are available to the School which will result in higher revenue for the 2022-23 fiscal year. Budgeted expenditures are expected to be approximately \$ 5,032,000, which is higher than the 2021-22 actual expenditures of \$ 2,645,000. The School has added no major new programs to the fiscal 2022-23 budget; however, the lease at the School’s current location terminates June 30, 2022, and the School will be moving to a new location during the summer months of 2022.

Requests for Information

If you have questions about this report or need additional information, please contact Seaside School Consortium, Inc.; 10850 Old St. Augustine Rd. Jacksonville, FL 32257.

BASIC FINANCIAL STATEMENTS

Seaside School Consortium, Inc.
d/b/a Seaside Community Charter School
a/k/a Seaside Charter San Jose
Statement of Net Position
June 30, 2022

	Governmental Activities
Current Assets:	
Cash and cash equivalents	\$ 1,389,054
Due from other governments	16,103
Prepaid items	<u>27,322</u>
Total current assets	<u>1,432,479</u>
Noncurrent Assets:	
Capital assets, net of accumulated depreciation	42,306
Deposits	<u>9,000</u>
Total noncurrent assets	<u>51,306</u>
Total assets	<u>1,483,785</u>
Current Liabilities:	
Accounts payable and accrued expenses	32,167
Salaries and wages payable	<u>105,638</u>
Total current liabilities	<u>137,805</u>
Total liabilities	<u>137,805</u>
Net Position:	
Net investment in capital assets	42,306
Restricted for capital outlay	258,706
Unrestricted	<u>1,044,968</u>
Total net position	\$ <u><u>1,345,980</u></u>

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

Seaside School Consortium, Inc.
d/b/a Seaside Community Charter School
a/k/a Seaside Charter San Jose
Statement of Activities
For the Year Ended June 30, 2022

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Governmental</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Activities</u>
					<u>Net Revenue (Expense) and Change in Net Position</u>
Functions/Programs:					
Instruction	\$ 2,030,250	\$ -	\$ 210,082	\$ -	\$ (1,820,168)
Instructional staff training	37,212	-	14,286	-	(22,926)
School board	33,678	-	-	-	(33,678)
General administration	37,897	-	-	-	(37,897)
School administration	581,193	-	1,290	-	(579,903)
Fiscal services	10,812	-	-	-	(10,812)
Operation and maintenance of plant	381,215	-	36,359	477,563	132,707
Community services	56,578	-	3,409	-	(53,169)
Central services	<u>5,040</u>	<u>-</u>	<u>5,040</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>\$ 3,173,875</u>	<u>\$ -</u>	<u>\$ 270,466</u>	<u>\$ 477,563</u>	<u>(2,425,846)</u>
General revenues:					
Grants and entitlements					2,575,163
Miscellaneous					<u>114,404</u>
Total general revenues					<u>2,689,567</u>
Change in net position					263,721
Net position, July 1, 2021					<u>1,082,259</u>
Net position, June 30, 2022					<u>\$ 1,345,980</u>

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

Seaside School Consortium, Inc.
d/b/a Seaside Community Charter School
a/k/a Seaside Charter San Jose
Balance Sheet - Governmental Funds
June 30, 2022

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Project Fund</u>	<u>Nonmajor Club and Activities Fund</u>	<u>Total</u>
Assets:					
Cash and cash equivalents	\$ 1,119,082	\$ -	\$ 258,706	\$ 11,266	\$ 1,389,054
Due from other governments	13	-	16,090	-	16,103
Due from other funds	16,090	-	-	-	16,090
Prepaid items	27,322	-	-	-	27,322
Deposits	9,000	-	-	-	9,000
	<u>1,171,507</u>	<u>-</u>	<u>274,796</u>	<u>11,266</u>	<u>1,457,569</u>
Total assets	<u>\$ 1,171,507</u>	<u>\$ -</u>	<u>\$ 274,796</u>	<u>\$ 11,266</u>	<u>\$ 1,457,569</u>
Liabilities:					
Accounts payable and accrued expenses	\$ 32,167	\$ -	\$ -	\$ -	\$ 32,167
Salaries and wages payable	105,638	-	-	-	105,638
Due to other funds	-	-	16,090	-	16,090
	<u>137,805</u>	<u>-</u>	<u>16,090</u>	<u>-</u>	<u>153,895</u>
Total liabilities	<u>137,805</u>	<u>-</u>	<u>16,090</u>	<u>-</u>	<u>153,895</u>
Fund Balances:					
Nonspendable:					
Prepaid items	27,322	-	-	-	27,322
Deposits	9,000	-	-	-	9,000
Restricted for capital outlay	-	-	258,706	-	258,706
Unassigned	997,380	-	-	11,266	1,008,646
	<u>1,033,702</u>	<u>-</u>	<u>258,706</u>	<u>11,266</u>	<u>1,303,674</u>
Total fund balances	<u>1,033,702</u>	<u>-</u>	<u>258,706</u>	<u>11,266</u>	<u>1,303,674</u>
Total liabilities and fund balances	<u>\$ 1,171,507</u>	<u>\$ -</u>	<u>\$ 274,796</u>	<u>\$ 11,266</u>	<u>\$ 1,457,569</u>

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

Seaside School Consortium, Inc.
d/b/a Seaside Community Charter School
a/k/a Seaside Charter San Jose
Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Position
June 30, 2022

Total Fund Balances - Governmental Funds \$ 1,303,674

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

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

Cost of capital assets	\$	117,722	
Accumulated depreciation		<u>(75,416)</u>	<u>42,306</u>

Net Position of Governmental Activities \$ 1,345,980

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

Seaside School Consortium, Inc.
d/b/a Seaside Community Charter School
a/k/a Seaside Charter San Jose
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2022

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Project Fund</u>	<u>Nonmajor Club and Activities Fund</u>	<u>Total</u>
Revenues:					
Federal through state	\$ -	\$ 270,466	\$ -	\$ -	\$ 270,466
State sources	2,575,163	-	477,563	-	3,052,726
Local sources	<u>73,714</u>	<u>-</u>	<u>-</u>	<u>40,690</u>	<u>114,404</u>
Total revenues	<u>2,648,877</u>	<u>270,466</u>	<u>477,563</u>	<u>40,690</u>	<u>3,437,596</u>
Expenditures:					
Instruction	1,807,875	210,082	-	-	2,017,957
Instructional staff training	22,926	14,286	-	-	37,212
School board	33,678	-	-	-	33,678
General administration	34,488	3,409	-	-	37,897
School administration	582,279	1,290	-	-	583,569
Fiscal services	10,812	-	-	-	10,812
Operation and maintenance of plant	129,999	36,359	218,857	-	385,215
Community services	23,309	-	-	33,269	56,578
Central services	<u>-</u>	<u>5,040</u>	<u>-</u>	<u>-</u>	<u>5,040</u>
Total expenditures	<u>2,645,366</u>	<u>270,466</u>	<u>218,857</u>	<u>33,269</u>	<u>3,167,958</u>
Net change in fund balances	3,511	-	258,706	7,421	269,638
Fund Balances, July 1, 2021	<u>1,030,191</u>	<u>-</u>	<u>-</u>	<u>3,845</u>	<u>1,034,036</u>
Fund Balances, June 30, 2022	<u>\$ 1,033,702</u>	<u>\$ -</u>	<u>\$ 258,706</u>	<u>\$ 11,266</u>	<u>\$ 1,303,674</u>

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

Seaside School Consortium, Inc.
d/b/a Seaside Community Charter School
a/k/a Seaside Charter San Jose
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances -
Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2022

Change in Fund Balances - Governmental Funds \$ 269,638

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

Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as a provision for depreciation:

Expenditures for capital assets	\$	16,676	
Provision for depreciation		<u>(22,593)</u>	<u>(5,917)</u>

Change in Net Position of Governmental Activities \$ 263,721

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

Seaside School Consortium, Inc.
d/b/a Seaside Community Charter School
a/k/a Seaside Charter San Jose
Statements of Revenues and Expenditures -
Budget and Actual - General Fund
For the Year Ended June 30, 2022

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Variance</u>
Revenues:			
State sources	\$ 2,792,785	\$ 2,575,163	\$ (217,622)
Local sources	40,000	73,714	33,714
Total revenues	<u>2,832,785</u>	<u>2,648,877</u>	<u>(183,908)</u>
Expenditures:			
Instruction	1,960,072	1,807,875	152,197
Instructional staff training	57,425	22,926	34,499
School board	17,050	33,678	(16,628)
General administration	44,047	34,488	9,559
School administration	539,627	582,279	(42,652)
Fiscal services	10,000	10,812	(812)
Operation and maintenance of plant	138,482	129,999	8,483
Community services	44,112	23,309	20,803
Central services	4,700	-	4,700
Total expenditures	<u>2,815,514</u>	<u>2,645,366</u>	<u>170,148</u>
Net change in fund balance	<u>\$ 17,271</u>	<u>\$ 3,511</u>	<u>\$ (13,760)</u>

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

Seaside School Consortium, Inc.
d/b/a Seaside Community Charter School
a/k/a Seaside Charter San Jose
Statement of Revenues and Expenditures -
Budget and Actual - Special Revenue Fund
For the Year Ended June 30, 2022

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Variance</u>
Revenues:			
Federal sources:			
CARES Act	\$ -	\$ 257,919	\$ 257,919
Title II	-	11,749	11,749
21st Century	-	798	798
	<u>-</u>	<u>270,466</u>	<u>270,466</u>
Total revenues	<u>-</u>	<u>270,466</u>	<u>270,466</u>
Expenditures:			
Instruction	-	210,082	(210,082)
Instructional staff training	-	14,286	(14,286)
General administration	-	3,409	(3,409)
School administration	-	1,290	(1,290)
Operation and maintenance of plant	-	36,359	(36,359)
Central services	-	5,040	(5,040)
	<u>-</u>	<u>270,466</u>	<u>(270,466)</u>
Total expenditures	<u>-</u>	<u>270,466</u>	<u>(270,466)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

Note 1 - Organization and Operations

Seaside School Consortium, Inc. d/b/a Seaside Community Charter School a/k/a Seaside Charter San Jose (the "School"), a component unit of the Duval County School Board, Florida, was established in July 2017 as a public charter school to serve students from kindergarten to eighth grade in Duval County. Seaside School Consortium, Inc. (the "Company") is a Florida nonprofit corporation organized in August 1997. There were 346 students enrolled for the 2021/2022 school year. Beginning June 2022, the School moved campus locations and effective July 1, 2022 will be known as Seaside Charter Mandarin.

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

Note 2 - Summary of Significant Accounting Policies

Reporting entity: The School operates under a charter granted by the sponsoring Duval County School Board. The current charter is effective until June 30, 2023, and may be renewed in increments of 15 years by mutual written agreement between the School and the School Board. At the end of the term of the charter, the School Board may choose not to renew the charter under grounds specified in the charter in which case the School Board is required to notify the School in writing at least ninety days prior to the charter's expiration. During the term of the charter, the School Board may also terminate the charter if good cause is shown. The School is considered a component unit of the Duval County School Board.

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

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

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

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

Note 2 - Summary of Significant Accounting Policies (continued)

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.

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

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

The School's major governmental funds are as follows:

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

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

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

Additionally, the School reports separately the following nonmajor fund type:

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

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

Governmental activity in the government-wide basic financial statements are presented on the full 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.

Note 2 - Summary of Significant Accounting Policies (continued)

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

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

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

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

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

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

Income taxes: The School is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in these financial statements.

Capital assets: Capital assets purchased or acquired with an original cost of \$ 1,000 or more are capitalized at historical cost or estimated historical cost and are reported in the government-wide financial statement. Donated property and equipment are valued at the acquisition value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized and depreciated over the remaining useful lives of the related fixed assets. Other costs incurred for repairs and maintenance are expensed as incurred.

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

Improvement to building	5 years
Furniture, fixtures and equipment	5 years

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

Note 2 - Summary of Significant Accounting Policies (continued)

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

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

Unearned revenue: Unearned revenue arises when the School receives resources before it has a legal claim to them. The School does not have any unearned revenues as of June 30, 2022.

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

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

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

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

- *Nonspendable fund balance* - amounts that are not in spendable form (such as prepaid items) or are legally or contractually required to be maintained intact.
- *Restricted fund balance* - amounts constrained to specific purposes by external providers (such as grantors, creditors, etc.) or imposed by law through constitutional provisions or by enabling legislation.

Note 2 - Summary of Significant Accounting Policies (continued)

- *Committed fund balance* - amounts constrained to specific purposes voted on through formal action of the Board of Directors (the highest level of decision-making authority). The committed amount cannot be used for any other purpose unless the Board of Directors removes or changes the commitment through formal action.
- *Assigned fund balance* - amounts the School intends to use for a specific purpose but are neither restricted nor committed. Assignments can be made by the Board.
- *Unassigned fund balance* - amounts that have not been restricted, committed, or assigned for a specific purpose within the General Fund. Positive amounts are only reported in the General Fund.

The School uses restricted amounts to be spent first when both restricted or unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this. When the School has expenditures for which committed, assigned or unassigned fund balance is available, the School would consider committed funds to be spent first, then assigned funds and lastly unassigned funds.

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

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

Date of management review: Subsequent events were evaluated by management through September 19, 2022, which is the date the financial statements were available to be issued.

Note 3 - Cash and Cash Equivalents

At June 30, 2022, the carrying amount of the deposits and cash on hand totaled \$ 1,389,054, with a bank balance of \$ 1,414,523.

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

Seaside School Consortium, Inc.
d/b/a Seaside Community Charter School
a/k/a Seaside Charter San Jose
Notes to Basic Financial Statements
June 30, 2022

Note 4 - Capital Assets

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

	Balance at July 1, 2021	Additions	Deletions	Balance at June 30, 2022
Capital assets, depreciable:				
Improvements to building	\$ 6,058	\$ -	\$ -	\$ 6,058
Furniture, fixtures and equipment	94,988	16,676	-	111,664
Total capital assets, depreciable	<u>101,046</u>	<u>16,676</u>	<u>-</u>	<u>117,722</u>
Accumulated depreciation:				
Improvements to building	2,275	1,211	-	3,486
Furniture, fixtures and equipment	50,548	21,382	-	71,930
Total accumulated depreciation	<u>52,823</u>	<u>22,593</u>	<u>-</u>	<u>75,416</u>
Net capital assets	<u>\$ 48,223</u>	<u>\$ (5,917)</u>	<u>\$ -</u>	<u>\$ 42,306</u>

Provision for depreciation was charged to governmental activities as follows:

Instruction	\$ 21,382
Operation of plant	<u>1,211</u>
	<u>\$ 22,593</u>

Note 5 - Lease Agreement

The School leased its facilities for its operations under an agreement which became effective June 30, 2017 and expired on June 30, 2022. The monthly rental amount for this lease was approximately \$ 14,000 through expiration. The agreement contains a renewal option and requires the School to maintain an insurance policy. Total expense in connection with this lease amounted to approximately \$ 168,400 for the year ended June 30, 2022. The School did not exercise the renewal option upon the lease expiring.

Beginning June 1, 2022, the School began occupying a building owned by Properties, L.L.C., a related party entity. The School did not pay rent to Properties, L.L.C. for the year ended June 30, 2022.

Note 6 - Employee Benefit Plan

The School sponsors the Seaside Charter School Retirement Plan (the "Plan"), which is a defined contribution plan. The Plan operates under Section 403(b) of the Internal Revenue Code. All eligible employees may elect to contribute a portion of their pretax annual compensation, with certain limitations, as defined in the Plan. Under the terms of the Plan, the School contributes amounts to the Plan at the discretion of the Board of Directors. The School made approximately \$ 9,300 in contributions to the Plan during the year ending June 30, 2022.

Note 7 - Risk Management

The School is exposed to various risks of loss related to torts, thefts of, damage to, and destruction of assets and natural disasters. The School has obtained property insurance from commercial companies including, but not limited to, general liability and errors and omissions insurance. There were no claims in excess of insurance coverage limits since the School's inception.

Note 8 - Contingencies

Grants and awards: The School, as a department of the Company, received financial assistance from federal and local governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and may be subject to audit by the grantor agencies. In accordance with Title 2 U.S. Code of Federal Regulations (CFR) *Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, the School is required to conduct "single audits" when either the threshold for federal awards or state financial assistance exceeds \$ 750,000. The federal threshold is exceeded for the Company, and as a result, the School is in the process of completing this requirement.

OTHER INDEPENDENT
AUDITOR'S REPORTS



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

To the Board of Directors
Seaside School Consortium, Inc.
d/b/a Seaside Community Charter School
a/k/a Seaside Charter San Jose

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 Seaside School Consortium, Inc. d/b/a Seaside Community Charter School a/k/a Seaside Charter San Jose (the "School"), a component unit of the Duval County 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 19, 2022.

Report on Internal Control over Financial Reporting

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

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

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

Reporting on Compliance and Other Matters

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

Purpose of this Report

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



KEEFE McCULLOUGH

Fort Lauderdale, Florida
September 19, 2022

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF DIRECTORS

To the Board of Directors
Seaside School Consortium, Inc.
d/b/a Seaside Community Charter School
a/k/a Seaside Charter San Jose

Report on the Financial Statements

We have audited the financial statements of the Seaside School Consortium, Inc. d/b/a Seaside Community Charter School a/k/a Seaside Charter San Jose (the "School"), a component unit of the Duval County School Board, Florida, as of and for the fiscal year ended June 30, 2022, and have issued our report thereon dated September 19, 2022.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and 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 19, 2022, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no recommendations made in the preceding audit report.

Official Title

Section 10.854(1)(e)5., Rules of the Auditor General, requires the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title and school code assigned by the Florida Department of Education of the entity is Seaside School Consortium, Inc. d/b/a Seaside Community Charter School a/k/a Seaside Charter San Jose and 165631.

Financial Condition and Management

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

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

Section 10.854(1)(e)3., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Transparency

Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether the School maintains on its 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 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 Duval County and is not intended to be, and should not be, used by anyone other than these specified parties.



KEEFE McCULLOUGH

Fort Lauderdale, Florida
September 19, 2022