

CHOICES IN LEARNING, INC.
BASIC FINANCIAL STATEMENTS
AND
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2023

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors,
Choices in Learning, Inc.:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and each major fund of Choices in Learning, Inc. (the School), a component unit of the Seminole County District School Board, as of and for the year ended June 30, 2023, 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 accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the School, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Auditors' 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

The School's 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.

Auditors' 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 auditors' 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 GAAS 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 GAAS, 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.

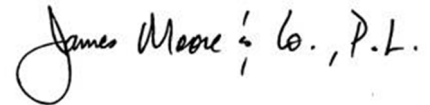
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 as listed in the accompanying table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We 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 November 20, 2023, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style with a large initial 'J'.

Daytona Beach, Florida
November 20, 2023

CHOICES IN LEARNING, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023

As management of Choices In Learning, Inc. (the School), we offer readers of the School's financial statements this narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2023 to (a) assist the reader in focusing on significant financial issues, (b) provide an overview and analysis of the School's financial activities, (c) identify changes in the School's financial position, (d) identify material deviations from the approved budget, and (e) highlight significant issues in individual funds.

Because the information contained in the Management's Discussion and Analysis (MD&A) is intended to highlight significant transactions, events and conditions, it should be considered in conjunction with the basic financial statements found on pages 10 - 15.

FINANCIAL HIGHLIGHTS

- The assets of Choices In Learning, Inc. exceeded its liabilities at the close of the most recent fiscal year by \$2,707,309 (net position).
- As of the close of the current fiscal year, Choices In Learning, Inc.'s governmental funds reported combined ending fund balances of \$3,144,636.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$1,967,708.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide financial statements—The government-wide financial statements are designed to provide readers with a broad overview of Choices In Learning, Inc.'s finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of Choices In Learning, Inc.'s assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Choices In Learning, Inc. is improving or deteriorating.

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

CHOICES IN LEARNING, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023
(Continued)

Both of the government-wide financial statements distinguish functions of Choices In Learning, Inc. that are principally supported by school board, state, and federal funding (governmental activities) and charges for services from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of Choices In Learning, Inc. include basic instruction, exceptional instruction, media services, guidance services, health services, curriculum development, staff development, general administration, school administration, facilities, fiscal services, food services, transportation, operation of plant, maintenance of plant, community services, other programs and services, interest on long-term debt, and unallocated depreciation.

The government-wide financial statements include only Choices In Learning, Inc. itself, which is a component unit of the Seminole County School Board. The Seminole County School Board includes the operations of Choices In Learning, Inc. in their operations.

The government-wide financial statements can be found on pages 10 and 11 of this report.

Fund 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. Choices In Learning, Inc., like other charter schools, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the operations of Choices In Learning, Inc. are presented in governmental funds only.

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

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 government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental fund and governmental activities.

Choices In Learning, Inc. maintains two individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances in the general fund and capital fund, both of which are considered to be major funds. The general fund is not restricted by an outside source and can be used to fund general activities. This fund accounts for all resources for the leasing or acquisition of capital facilities by the School to the extent funded by capital grants. The capital fund monies must be spent on certain things set forth in the Florida Statutes, which allow 31 months to spend those monies.

CHOICES IN LEARNING, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023
(Continued)

Choices In Learning, Inc. adopts an annual appropriated budget for all funds. A budgetary comparison schedule has been provided to demonstrate compliance with this budget. Presentation of the Capital Fund is not required by GASB.

The basic governmental fund financial statements can be found on pages 12 - 15 of this report.

Notes to the financial statements—The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found starting on page 16 of this report.

CONDENSED FINANCIAL INFORMATION

The following table presents condensed, government-wide data about net position and changes in net position as of and for the years ended June 30, 2023 and 2022.

	June 30, 2023	June 30, 2022
	Governmental	Governmental
	Activities	Activities
	<u> </u>	<u> </u>
Assets:		
Non-capital assets	\$ 3,416,932	\$ 3,195,043
Capital assets, net	7,290,810	7,157,608
Total Assets	<u>\$ 10,707,742</u>	<u>\$ 10,362,651</u>
 Deferred Outflows of Resources:		
Deferred loss on bond refunding	<u>\$ 525,524</u>	<u>\$ 550,951</u>
 Liabilities:		
Current liabilities	\$ 563,134	\$ 538,648
Noncurrent liabilities	7,962,823	8,221,422
Total Liabilities	<u>\$ 8,525,957</u>	<u>\$ 8,760,070</u>
 Net position:		
Net Investment in capital assets	\$ (405,088)	\$ (760,721)
Unrestricted	3,112,397	2,904,253
Total Net position	<u>\$ 2,707,309</u>	<u>\$ 2,143,532</u>

CHOICES IN LEARNING, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023
(Continued)

Change in Net position

	June 30, 2023	June 30, 2022
	Governmental	Governmental
	Activities	Activities
Program revenues:		
Capital grants and contributions:		
Capital Funds	\$ 365,582	\$ 434,345
Operating Contributions	330,462	346,140
Charges for service	659,965	474,966
General revenues:		
Seminole County District School Board	5,379,808	4,785,717
Other revenues	23,996	74,896
Total revenues	\$ 6,759,813	\$ 6,116,064
Program expenses:		
Basic instruction	\$ 3,055,848	\$ 3,026,678
Exceptional instruction	241,197	256,035
Media services	35,638	43,366
Guidance services	94,948	61,189
Health services	36,494	32,717
Curriculum development	147,216	143,859
Staff development	26,583	49,826
General administration	155,464	39,294
School administration	419,968	422,058
Fiscal services	143,473	121,725
Food services	155,698	59,997
Transportation	85,960	134,393
Plant	444,710	441,992
Maintenance of plant	78,603	36,389
Community services	252,262	235,667
Other programs and services	38,121	27,264
Interest on long-term-debt	379,706	390,034
Bond issuance costs	-0-	-0-
Unallocated depreciation	404,147	408,233
Total expenses	\$ 6,196,036,	\$ 5,930,716
Change in net position	563,777	185,348
Net position, beginning of year	2,143,532	1,958,184
Net position, end of year	\$ 2,707,309	\$ 2,143,532

CHOICES IN LEARNING, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023
(Continued)

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the School's financial position. In the case of Choices In Learning, Inc., assets did exceed liabilities by \$2,181,785 at the close of the most recent fiscal year. The \$563,777 increase in net assets is primarily attributed to the School's effort to manage expenses and maintain profits to meet its debt service coverage ratio requirements.

As a result of the current fiscal year operations, Choices In Learning, Inc. is reporting an increase of \$208,144 in unrestricted net position from General Fund activities based on operating activities. Choices In Learning, Inc. is reporting a current year increase of \$355,633 in net investment in capital assets. This increase is related to acquisition of capital assets and the payment on the note exceeding the depreciation of capital assets.

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

As noted earlier, Choices In Learning, Inc. uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds—The focus of Choices In Learning, Inc.'s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing Choices In Learning, Inc.'s financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Choices In Learning, Inc.'s governmental funds reported combined ending fund surplus of \$3,144,636. The capital fund monies are required to be spent on certain things set forth in the Florida Statutes and the statutes allow 31 months to spend those monies. All of the monies were spent as of June 30, 2023 and June 30, 2022.

The general fund is the chief operating fund of Choices In Learning, Inc. At the end of the current fiscal year, unassigned fund surplus of the general fund was \$1,967,708, an increase of \$238,356 from the prior year. The total general fund balance increased by \$206,821 during the current fiscal year.

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the final amended budget and original budget during the year were primarily related to personnel costs and community services programs. Differences between the final amended budget and actual during the year were primarily related to personnel costs.

CHOICES IN LEARNING, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023
(Continued)

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets—Choices In Learning, Inc.'s investment in capital assets for its governmental activities as of June 30, 2023, amounts to \$7,290,810. This investment in capital assets includes the school facility and related land, fixed equipment, furniture, and fixtures. See Note 4 in the accompanying financial statements for additional information.

Debt—At the end of the current fiscal year, Choices In Learning, Inc. had total long-term debt of \$8,221,422. The amount consists of a refinancing loan obtained to extinguish the original bond used to construct the school facilities. The current debt maturities can be seen in Note 4 in the accompanying financial statements.

ECONOMIC FACTORS

School board, state, and federal funding from school boards according to the number of students enrolled principally support Choices In Learning, Inc. Enrollment for the 2022-2023 school year was 668 students. Enrollment for the 2023-2024 school year is currently 688 students with a waiting list of 150 students.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Choices In Learning, Inc. finances for all those with an interest in the School's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Choices In Learning, Inc., 1100 East State Road 434, Winter Springs, FL 32708.

CHOICES IN LEARNING, INC.
STATEMENT OF NET POSITION
JUNE 30, 2023

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 3,404,472
Capital assets:	
Capital assets, not being depreciated	1,091,914
Other capital assets, net of accumulated depreciation	6,198,896
Deposits	12,460
Total Assets	<u><u>\$ 10,707,742</u></u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred loss on bond refunding	<u><u>\$ 525,524</u></u>
LIABILITIES	
Accounts payable and accrued expenses	\$ 275,416
Accrued interest payable	29,119
Noncurrent liabilities:	
Due within one year:	
Note payable	258,599
Due in more than one year:	
Note payable	7,962,823
Total Liabilities	<u><u>\$ 8,525,957</u></u>
NET POSITION	
Net investment in capital assets	\$ (405,088)
Unrestricted	3,112,397
Total Net Position	<u><u>\$ 2,707,309</u></u>

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

CHOICES IN LEARNING, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
					Governmental Activities
Governmental activities					
Basic instruction	\$ 3,055,848	\$ -	\$ 308,198	\$ -	\$ (2,747,650)
Exceptional instruction	241,197	-	-	-	(241,197)
Media services	35,638	-	-	-	(35,638)
Guidance services	94,948	-	-	-	(94,948)
Health services	36,494	-	-	-	(36,494)
Curriculum development	147,216	-	-	-	(147,216)
Staff development	26,583	-	-	-	(26,583)
General administration	155,464	-	-	-	(155,464)
School administration	419,968	-	-	-	(419,968)
Fiscal services	143,473	-	-	-	(143,473)
Food services	155,698	113,159	-	-	(42,539)
Transportation	85,960	-	-	-	(85,960)
Operation of plant	444,710	-	-	-	(444,710)
Maintenance of plant	78,603	-	22,264	-	(56,339)
Community services	252,262	502,293	-	-	250,031
Other programs and services	38,121	44,513	-	-	6,392
Interest on long-term debt	379,706	-	-	365,582	(14,124)
Unallocated depreciation	404,147	-	-	-	(404,147)
Total governmental activities	<u>\$ 6,196,036</u>	<u>\$ 659,965</u>	<u>\$ 330,462</u>	<u>\$ 365,582</u>	<u>(4,840,027)</u>
General revenues					
Seminole County School Board					5,379,808
Other revenues					
Other income					23,996
Total general and other revenues					<u>5,403,804</u>
Change in net position					
					563,777
Net position, beginning of year					
					2,143,532
Net position, end of year					
					<u>\$ 2,707,309</u>

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

CHOICES IN LEARNING, INC.
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2023

	General Fund	Capital Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 3,404,472	\$ -	\$ 3,404,472
Deposits	12,460	-	12,460
Total Assets	<u>\$ 3,416,932</u>	<u>\$ -</u>	<u>\$ 3,416,932</u>
LIABILITIES			
Accounts payable and accrued expenses	\$ 272,296	\$ -	\$ 272,296
Total Liabilities	<u>272,296</u>	<u>-</u>	<u>272,296</u>
FUND BALANCES			
Assigned for:			
Repair and replacement	1,176,928	-	1,176,928
Unassigned	1,967,708	-	1,967,708
Total Fund Balances	<u>3,144,636</u>	<u>-</u>	<u>3,144,636</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 3,416,932</u>	<u>\$ -</u>	<u>\$ 3,416,932</u>

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

CHOICES IN LEARNING, INC.
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2023

Fund balances - total governmental funds		\$ 3,144,636
The net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. Those assets consist of:		
Land	1,091,914	
Land and buildings improvements	7,877,275	
Furniture, fixtures and equipment	2,401,741	
Accumulated depreciation	<u>(4,080,120)</u>	
Total capital assets, net		7,290,810
Promissory note payable and other long-term liabilities are not due and payable currently and therefore are not reported as liabilities of the governmental funds:		
Note payable	(8,221,422)	
Accrued interest and other expenses	<u>(32,239)</u>	
		(8,253,661)
Unamortized deferred loss on bond defeasance is not recognized in the fund statements.		
		525,524
Total net position of governmental activities		<u><u>\$ 2,707,309</u></u>

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

CHOICES IN LEARNING, INC.
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	<u>General Fund</u>	<u>Capital Fund</u>	<u>Total Governmental Funds</u>
Revenues			
Seminole County District School Board	\$ 5,379,808	\$ -	\$ 5,379,808
Grants funds	325,476	-	325,476
Capital funds	-	365,582	365,582
Other revenues:			
Donations	4,986	-	4,986
Community services fees	502,293	-	502,293
Food service	113,159	-	113,159
Other income	68,509	-	68,509
Total revenues	<u>6,394,231</u>	<u>365,582</u>	<u>6,759,813</u>
Expenditures			
Current:			
Basic instruction	3,582,367	-	3,582,367
Exceptional instruction	241,197	-	241,197
Media services	35,638	-	35,638
Guidance services	94,948	-	94,948
Health services	36,494	-	36,494
Curriculum development	147,216	-	147,216
Staff development	26,583	-	26,583
General administration	155,464	-	155,464
School administration	420,417	-	420,417
Fiscal services	143,473	-	143,473
Food services	155,698	-	155,698
Transportation	85,960	-	85,960
Operation of plant	444,710	-	444,710
Maintenance of plant	89,433	-	89,433
Community services	252,262	-	252,262
Other programs and services	38,121	-	38,121
Debt service:			
Principal payment	247,858	-	247,858
Interest charges	355,153	-	355,153
Total expenditures	<u>6,552,992</u>	<u>-</u>	<u>6,552,992</u>
Excess (deficiency) of revenues over expenditures	<u>(158,761)</u>	<u>365,582</u>	<u>206,821</u>
Other financing sources (uses)			
Transfers in	365,582	-	365,582
Transfers out	-	(365,582)	(365,582)
Total other financing sources (uses)	<u>365,582</u>	<u>(365,582)</u>	<u>-</u>
Net change in fund balance	<u>206,821</u>	<u>-</u>	<u>206,821</u>
Fund balances, beginning of year	2,937,815	-	2,937,815
Fund balances, end of year	<u>\$ 3,144,636</u>	<u>\$ -</u>	<u>\$ 3,144,636</u>

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

CHOICES IN LEARNING, INC.
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Net change in fund balances - total governmental funds		\$ 206,821
The change in net position reported for governmental activities in the statement of activities is different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Total capital outlay	537,349	
Current year depreciation	<u>(404,147)</u>	133,202
The issuance of long-term debt (i.e., promissory notes and leases) provides current financial resources to governmental funds, while the repayment of the principal long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position.		
Principal payments		247,858
Interest and other expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Interest	877	
Other expenses	449	
Amortization of bond premium	<u>(25,430)</u>	(24,104)
Change in net position of governmental activities		<u>\$ 563,777</u>

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

CHOICES IN LEARNING, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

(1) **Summary of Significant Accounting Policies:**

The following is a summary of the more significant accounting policies of Choices in Learning, Inc. (the School), which affect significant elements of the accompanying basic financial statements.

(a) **Reporting entity**—Choices in Learning, Inc. (the School), a Charter School, 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 governing body of the School is the Board of Directors, which is composed of five members.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, which is the Seminole County District School Board (the District). The current charter is effective until June 30, 2024, and may be renewed in increments of five years by mutual agreement between the School and the District. At the end of the term of the charter, the District may choose not to renew the charter under grounds specified in the charter in 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, in the event the School is dissolved or terminated, any unencumbered public 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 Seminole County District School Board.

Criteria for determining if other entities are potential component units which should be reported within the School's basic financial statements are identified and described in the Governmental Accounting Standards Board's (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*, Sections 2100 and 2600. The application of these criteria 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.

(b) **Government-wide and fund financial statements**—The government-wide financial statements consist of the Statement of Net Position and the Statement of Activities. These statements report information on all of the nonfiduciary activities of the School. All interfund activities are eliminated from these statements. Both statements report only governmental activities as the School does not engage in any business-type activities.

Net position, the difference between assets, deferred outflows of resources, and liabilities, as presented in the Statement of Net Position, is subdivided into three categories: net investment in capital asset; restricted net position; and unrestricted net position. Net position is reported as restricted when constraints are imposed on the use of the amounts either externally by creditors, grantors, contributors, or laws or regulations of other governments, or enabling legislation.

CHOICES IN LEARNING, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

(1) **Summary of Significant Accounting Policies:** (Continued)

The Statement of Activities presents a comparison between the direct expenses of a given function and its program revenues, and displays the extent to which each function contributes to the change in net position for the fiscal year. Direct expenses are those that are clearly identifiable to a specific function. Program revenues consist of charges for services, operating grants and contributions, and capital grants and contributions. Charges for services refer to amounts received from those who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment. Grants and contributions consist of revenues that are restricted to meeting operational or capital requirements of a particular function. Revenues not classified as program revenues are reported as general revenues, such as revenue received from the District.

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

(c) **Measurement focus, basis of accounting, and financial statement presentation**—The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized when a liability is incurred.

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

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

Resources are allocated to and accounted for in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled.

CHOICES IN LEARNING, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

(1) **Summary of Significant Accounting Policies:** (Continued)

The School uses the following major governmental funds:

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

Capital Fund—In accordance with guidelines established by Seminole County District School Board, this capital projects fund accounts for all resources for the leasing or acquisition of capital facilities by the School to the extent funded by capital grants and donations.

(d) **Budgetary basis of accounting**—Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual budgets are adopted for the entire operation at the combined governmental level and may be amended by the Board of Directors (the Board). For fiscal year ended June 30, 2023, the budget presented has been amended according to Board procedures.

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

(e) **Cash and cash equivalents**—Cash and cash equivalents include amounts in demand deposits as well as investments that are readily convertible to known amounts of cash. Investments with original maturities of three months or less are considered to be cash equivalents.

(f) **Income taxes**—Under section 501(c)(3) of the Internal Revenue Code and Florida Statutes, the School is exempt from taxes on income other than unrelated business income. Since the School had no taxable unrelated business income during 2023, no provision for income taxes is provided in the financial statements.

Management of the School considers the likelihood of changes by taxing authorities in its filed income tax returns and recognizes a liability for or discloses potential significant changes that management believes are more likely than not to occur, including changes to the School's status as a not-for-profit entity. Management believes the School met the requirements to maintain its tax-exempt status and has no income subject to unrelated business income tax, therefore no provision for income taxes has been provided in these financial statements. The School's income tax returns for the past three years are subject to examination by tax authorities, and may change upon examination.

(g) **Capital assets**—Capital assets are defined by the School as assets with either an initial individual cost of more than \$500 or a grouping of like assets of more than \$500 and an estimated useful life of more than one year. Such assets are recorded at historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

CHOICES IN LEARNING, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

(1) **Summary of Significant Accounting Policies:** (Continued)

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

Asset Class	Estimated Useful Lives
Land and building improvements	2 – 40
Furniture, fixtures and equipment	3 – 7

(h) **Revenue sources**—Revenues for current operations are received primarily from the District pursuant to the funding provisions included in the School’s charter. In accordance with the funding provisions of the charter and Section 1002.33(17), Florida Statutes, the School reports the number of full-time equivalent (FTE) students and related data to the District. Under the provisions of Section 1011.62, Florida Statutes, the District reports the number of FTE students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program. Funding for the School is adjusted during the year to reflect revised calculations by the FDOE under the Florida Education Finance Program and the actual weighted FTE students reported by the School during designated FTE student survey periods.

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

(i) **Use of estimates**—The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

(j) **Deferred outflows/inflows of resources**—In addition to assets, the statement of financial position will, if required, 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. Currently, the only item in this category consisted of deferred amounts related to long-term debt, as discussed further in Note (4).

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 or fund balance that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Currently, the School does not have any items that meet the definition of a deferred inflow of resources.

CHOICES IN LEARNING, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

(1) **Summary of Significant Accounting Policies:** (Continued)

(k) **Fund equity**—In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the School is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Those classifications are as follows:

Nonspendable—Amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact.

Restricted—Amounts that can be spent only for specific purposes because of the Bylaws, district or local charter, state or federal laws, or externally imposed conditions by grantors or creditors.

Committed—Amounts that can be used only for specific purposes determined by a formal action by ordinance or resolution. This includes the budget reserve account.

Assigned—Amounts that are designated by the Board of Directors for a specific purpose but are not spendable until a budget ordinance is passed by the Board of Directors.

Unassigned—All amounts not included in other spendable classifications.

In the government-wide financial statements, when both restricted and unrestricted resources are available for use, it is the School's policy to use restricted resources first, then unrestricted resources as they are needed. In governmental fund financial statements, restricted funds are used first as appropriate. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the School considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Directors has provided otherwise in its commitment or assignment actions.

The Net Investment in Capital Assets listed on the Statement of Net Position reflects total capital assets, \$7,290,810, plus the deferred loss on bond refunding, \$525,524, less debt directly related to the acquisition of those assets, \$8,221,422.

(l) **Fund balance policy**—The School's fund balance policy requires it to maintain three months of expenditures for emergencies. It is also the School's policy that each year approximately \$75,000 of the fund balance, if available above and beyond the three month emergency fund, shall be spent on Board-approved capital improvements related to technology improvements in an effort to keep the School technologically advanced. Any remaining money in the fund balance shall be used as determined by the School's Board.

In May 2015, the Board approved the assignment of General Fund balance for future replacement costs starting in 2016. The School developed a replacement plan schedule based on current costs and will increase the assignment approximately 5% every year for inflation. At June 30, 2023, \$1,176,928 was assigned for future replacement costs.

CHOICES IN LEARNING, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

(2) **Reconciliation of Government-Wide and Fund Financial Statements:**

(a) **Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position**—Following the governmental funds balance sheet is a reconciliation between *fund balances – total governmental funds and net position of governmental activities* as reported in the government-wide statement of net position. The details of this difference are explained in the above referenced financial statement.

(b) **Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities**—Following the governmental funds statement of revenues, expenditures, and changes in fund balances, there is a reconciliation between *net change in fund balances – total governmental funds and changes in net position of governmental activities*. The details of this difference are explained in the above referenced financial statement.

(3) **Capital Assets:**

Capital asset activity for the year ended June 30, 2023, was as follows:

	<u>Balance</u> <u>July 1, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2023</u>
Capital assets, not being depreciated:				
Land	\$ 1,091,914	\$ -	\$ -	\$ 1,091,914
Total capital assets, not being depreciated	<u>1,091,914</u>	<u>-</u>	<u>-</u>	<u>1,091,914</u>
Capital assets, being depreciated:				
Land and building improvements	7,561,864	315,411	-	7,877,275
Furniture, fixtures and equipment	<u>2,179,803</u>	<u>221,938</u>	<u>-</u>	<u>2,401,741</u>
Total capital assets, being depreciated	<u>9,741,667</u>	<u>537,349</u>	<u>-</u>	<u>10,279,016</u>
Less: Accumulated depreciation for:				
Building improvements and fixed equipment	1,993,684	211,501	-	2,205,185
Furniture, fixtures and equipment	<u>1,682,289</u>	<u>192,646</u>	<u>-</u>	<u>1,874,935</u>
Total accumulated depreciation	<u>3,675,973</u>	<u>404,147</u>	<u>-</u>	<u>4,080,120</u>
Total capital assets, being depreciated, net	<u>6,065,694</u>	<u>133,202</u>	<u>-</u>	<u>6,198,896</u>
Capital assets, net	<u>\$ 7,157,608</u>	<u>\$ 133,202</u>	<u>\$ -</u>	<u>\$ 7,290,810</u>

Capital assets are used by multiple functions with the School and cannot be easily charged directly to a specific function. For the year ended June 30, 2023, unallocated depreciation expense was \$404,147.

CHOICES IN LEARNING, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

(4) Long-term Debt:

On February 25, 2019, the School authorized a \$9,199,407 loan agreement with a 4.250% interest rate. The proceeds were used to redeem \$9,060,000 of outstanding 2010 series bonds, whose interest rate was between 6.200% and 7.375%. The School refunded the bonds to reduce its total debt service payments over 22 years by \$3,458,755.

At June 30, 2023, long-term debt consisted of the loan agreement entered into with Charter Impact Fund, Inc. on February 25, 2019. The principal amount of the loan entered into with Charter Impact Fund, Inc. was \$9,199,407, with a maturity date on November 1, 2043, and payments of principal plus interest 4.250% monthly. The loan is collateralized by land and school facility located in the City of Winter Springs, Florida, as described in the loan document. The School is required to maintain a debt service coverage ratio, a minimum student enrollment, and maintain not less than sixty days cash on hand as defined in the loan document. As of and for the year ended June 30, 2023, the School was in compliance with these requirements.

A summary of long-term debt for the year ended June 30, 2023, is as follows:

	<u>Balance July 1, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2023</u>	<u>Due Within One Year</u>
Governmental activities:					
Note payable	\$ 8,469,280	\$ -	\$ 247,858	\$ 8,221,422	\$ 258,599
Governmental activities - long-term liabilities	<u>\$ 8,469,280</u>	<u>\$ -</u>	<u>\$ 247,858</u>	<u>\$ 8,221,422</u>	<u>\$ 258,599</u>

The annual debt service requirements to maturity for all governmental-type activity debt outstanding as of June 30, 2023 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 258,599	\$ 344,412	\$ 603,011
2025	269,923	333,088	603,011
2026	281,621	321,390	603,011
2027	293,825	309,186	603,011
2028	306,559	296,452	603,011
2029-2033	1,743,975	1,271,080	3,015,055
2034-2038	2,156,079	858,976	3,015,055
2039-2043	2,665,565	349,490	3,015,055
2044	245,276	2,540	247,816
	<u>\$ 8,221,422</u>	<u>\$ 4,086,614</u>	<u>\$ 12,308,036</u>

CHOICES IN LEARNING, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

(5) **Concentrations:**

(a) **Revenue sources**—As stated in Note 1, the School receives revenues for current operations primarily from the Seminole County District School Board pursuant to the funding provisions included in the School’s charter and from federal awards. In accordance with the funding provisions of the charter and Section 1002.33(17), Florida Statutes, the School reports the number of full-time equivalent (FTE) students and related data to the District. Under the provisions of Section 1011.62, Florida Statutes, the District reports the number of FTE students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program. Funding for the School is adjusted during the year to reflect revised calculations by the FDOE under the Florida Education Finance Program and the actual weighted FTE students reported by the School during designated FTE student survey periods.

(b) **Cash and cash equivalents**—At June 30, 2023, the carrying amount of the School’s deposits was \$3,404,472 and the bank balances were \$3,405,175. The School maintains cash deposits at three banks in Florida. The School has no deposit policy for custodial risk, which is the risk that in the event of a bank failure, the School’s deposit may not be returned. Accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to applicable FDIC limits. Any balance in excess of FDIC insurance is covered by collateral held by the School’s custodial bank, which is pledged to a state trust fund that provides security in accordance with Florida Security for Public Deposits Act, Chapter 280, Florida Statutes.

The Florida Security for Public Deposits Act established guidelines for qualification and participation by banks and savings associations, procedures for the administration of the collateral requirements and characteristics of eligible collateral. Under the Act, the qualified public depository must pledge at least 50 percent of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance. Additional collateral, up to a maximum of 125 percent, may be required, if deemed necessary under the conditions set forth in the Act.

Obligations pledged to secure deposits must be delivered to the State Treasurer or, with the approval of the State Treasurer, to a bank, savings association, or trust company provided a power of attorney is delivered to the Treasurer. Under the Act, the pool may assess participating financial institutions on a pro rata basis to fund any shortfall in the event of the failure of a member institution.

(6) **Commitments:**

During the year ended June 30, 2023, the School contracted for student bus transportation with monthly payments of \$13,050, renewable annually until expiring May 2027. Current year payments charged to operations totaled \$85,960. The following is a schedule of future minimum payments if renewed annually:

<u>Year Ending June 30,</u>	<u>Amount</u>
2024	\$156,600
2025	156,600
2026	156,600
2027	143,550

CHOICES IN LEARNING, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

(6) **Commitments:** (Continued)

During the year ended June 30, 2023, the School contracted with a consulting organization for accounting and finance services with annual payments of \$100 per student per school year. The School contracted with the same organization for human resource and payroll services with annual payments of \$340 per School employee per school year. Additionally, the School contracted with the organization for hourly contract work to assist with business manager services at a rate of \$120 per hour (or \$75 per hour if the School elects to utilize Back Office Services) until the position has been filled by the School. The term of each agreement shall be effective until either the School or consulting organization decide to terminate the agreement.

(7) **Related Party Information:**

The Seminole County School District Board (the District) provides the School with various equipment and furniture. The District maintains title to said property and all property is to be returned to the District if the School ceases operation or no longer has use for the assets. These assets are not included in the financial statements of the School. However, if the School receives surplus equipment and furniture, said property becomes the property of the School and does not have to be returned to the District.

(8) **Interfund Accounts and Transfers:**

During the year ended June 30, 2023, the Capital Fund transferred \$365,582 to the General Fund to pay for debt service expenditures.

(9) **Profit Sharing Plan:**

The School has a profit-sharing plan (the Plan) pursuant to Section 401(k) of the Internal Revenue Code (the Code), whereby participants may contribute a percentage of compensation, but not in excess of the maximum amount allowed under the Code. All eligible employees may enroll in the Plan when hired. The Plan provides for an employer base contribution on the employee's behalf equal to 3% of the employee's monthly compensation. For the year ended June 30, 2023, employer contributions were \$53,469 and employee contributions were \$133,587. As of June 30, 2023, the Plan had 62 participating employees.

(10) **Risk Management:**

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the School carries commercial insurance. There were no settlements in excess of the insurance coverage in any of the three prior fiscal years.

(11) **Recent Accounting Pronouncements:**

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have effective dates that may impact future financial statements. Listed below are pronouncements with required implementation dates effective for fiscal years subsequent to June 30, 2023, that have not yet been implemented. Management has not currently determined what, if any, impact implementation of the following will have on the School's financial statements:

- (a) GASB issued Statement No. 101, *Compensated Absences*, in June 2022. GASB Statement No. 101 amends the existing guidance related to the calculation and disclosures surrounding the liability for compensated absences. The provisions for GASB 101 are effective for fiscal years beginning after December 15, 2023.

REQUIRED SUPPLEMENTARY INFORMATION

CHOICES IN LEARNING, INC.
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET TO ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Budget</u>		<u>Actual</u>	<u>Variance - Increase (Decrease)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Seminole County District School Board	\$ 5,118,242	\$ 5,374,387	\$ 5,379,808	\$ 5,421
Grants funds	500,000	455,319	325,476	(129,843)
Other revenues:				
Donations	10,000	1,500	4,986	3,486
Community services fees	465,240	507,631	502,293	(5,338)
Food service	62,500	113,032	113,159	127
Other income	52,790	69,410	68,509	(901)
Total revenues	<u>6,208,772</u>	<u>6,521,279</u>	<u>6,394,231</u>	<u>(127,048)</u>
Expenditures				
Current:				
Basic instruction	3,915,501	3,487,100	3,582,367	(95,267)
Exceptional instruction	270,800	248,900	241,197	7,703
Media services	47,452	39,100	35,638	3,462
Guidance services	66,702	63,800	94,948	(31,148)
Health services	26,552	37,200	36,494	706
Curriculum development	143,154	153,000	147,216	5,784
Staff development	27,400	26,600	26,583	17
General administration	44,218	155,000	155,464	(464)
School administration	417,732	442,300	420,417	21,883
Fiscal services	101,078	173,300	143,473	29,827
Food services	112,852	126,300	155,698	(29,398)
Transportation	84,000	84,200	85,960	(1,760)
Operation of plant	453,002	518,200	444,710	73,490
Maintenance of plant	77,050	101,700	89,433	12,267
Community services	236,415	232,400	252,262	(19,862)
Other programs and services	36,000	38,400	38,121	279
Debt service:				
Principal payment	247,965	247,965	247,858	107
Interest charges	355,046	355,046	355,153	(107)
Total expenditures	<u>6,662,919</u>	<u>6,530,511</u>	<u>6,552,992</u>	<u>(22,481)</u>
Excess (deficiency) of revenues over expenditures	<u>(454,147)</u>	<u>(9,232)</u>	<u>(158,761)</u>	<u>(149,529)</u>
Other financing sources (uses)				
Transfers in	415,000	364,464	365,582	1,118
Total other financing sources (uses)	<u>415,000</u>	<u>364,464</u>	<u>365,582</u>	<u>1,118</u>
Net change in fund balance	<u>(39,147)</u>	<u>355,232</u>	<u>206,821</u>	<u>(148,411)</u>
Fund balances, beginning of year	2,937,815	2,937,815	2,937,815	-
Fund balances, end of year	<u>\$ 2,898,668</u>	<u>\$ 3,293,047</u>	<u>\$ 3,144,636</u>	<u>\$ (148,411)</u>

The accompanying notes to required supplementary
information are an integral part of this schedule.

CHOICES IN LEARNING, INC.
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2023

(1) **Summary of Significant Accounting Policies:**

The Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual – General Fund is presented using the School’s budget format for all governmental funds.

(2) **Budgetary Basis of Accounting:**

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual budgets are adopted for the entire operation at the combined governmental level and may be amended by the Board of Directors (the Board). For fiscal year ended June 30, 2023, the budget presented has been amended according to Board procedures.

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

For the year ended June 30, 2023, expenditures exceeded appropriations in the general fund by \$22,481.

INDEPENDENT AUDITORS' 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,
Choices in Learning, Inc.:

We have audited, 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, the financial statements of the governmental activities and each major fund of Choices in Learning, Inc. (the School), a component unit of the Seminole County District School Board, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated November 20, 2023.

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 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described below, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency described in finding 2023-001 below to be a material weakness:

2023-001 – Review of Proper Revenue Recordation and Year-End Transactions

Internal controls over financial reporting should include review of funding terms and conditions when awarded and executed, in order to properly and consistently recognize revenue in the appropriate fund and account. During our testing over revenues for the year ended June 30, 2023, we noted capital outlay funding revenue that was incorrectly recorded to the General Fund instead of the Capital Fund. Additionally, proper presentation of account balances requires review of transactions near year-end to ensure completeness, accuracy, rights or obligations, cutoff, and classifications. During our testing over subsequent disbursements after year-end, we noted two transactions related to services provided to the School prior to June 30, 2023, which should have been accrued. We recommend the School review all account balances at year-end with their third-party accountant to ensure proper recognition and cut-off based on the nature of the transactions.

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. We consider the deficiency described in finding 2023-002 below to be a significant deficiency:

2023-002 – Retention of Proper Support and Review of General Ledger Coding

Internal controls over financial reporting should include the retention of the underlying documentation that supports the nature of the related expenditure. During our testing over disbursements made throughout the year ended June 30, 2023, we noted one transaction in which the supporting documentation was unavailable to review. Additionally, internal controls over financial reporting should include the review of coding of expenditures to the general ledger to properly record the transaction to the proper account based on its purpose. During our testing over disbursements made throughout the year ended June 30, 2023, we noted two transactions in which the expenditures were improperly coded to the general ledger. We recommend the School retains all applicable supporting documentation of expenditures incurred and to review the general ledger coding with their third-party accountant to ensure proper recordation based on the nature of the transactions.

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*.

The School’s Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the School’s response to the findings identified in our engagement and described in the accompanying Management’s Response to Findings, as listed in the table of contents. The School’s response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.



Daytona Beach, Florida
November 20, 2023



**MANAGEMENT LETTER OF INDEPENDENT AUDITORS
REQUIRED BY CHAPTER 10.850, RULES OF THE AUDITOR GENERAL**

To the Board of Directors,
Choices in Learning, Inc.

Report on the Financial Statements

We have audited the financial statements of the governmental activities and each major fund of Choices in Learning, Inc. (the School), a component unit of the Seminole County District School Board, as of and for the fiscal year ended June 30, 2023, and have issued our report thereon dated November 20, 2023.

Auditors' 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 November 20, 2023, 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 findings or recommendations made in the preceding annual financial audit report and therefore, no such corrective actions were necessary.

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 the school code assigned by the Florida Department of Education of the entity are Choices in Learning, Inc., 9229.

Financial Condition and Management

Section 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 noted the following recommendation.

2023-003 – General Fund Budgetary Compliance

During our testing over the General Fund budget, we noted actual expenditures and transfers exceeded the approved amounts in the School’s budget by \$22,481. Florida Statutes allow the budget compliance matter to be resolved by budget amendments within 60 days of year-end. We recommend the School perform a budget to actual analysis monthly or whenever significant new or unexpected expenditures are incurred and amend the budget as necessary to ensure the School is in compliance with budgetary regulations.

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 or not the School maintains on its Website the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that the School maintained on its Website the information specified in Section 1002.33(9)(p), Florida Statutes.

Additional Matters

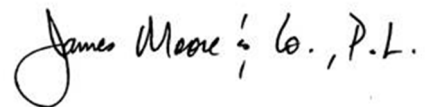
Section 10.854(1)(e)4., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Choices in Learning, Inc. Response to Findings

The School’s response to the findings identified in our audit are described in the accompanying Management’s Response to Findings, as listed in the table of contents. The School’s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of the Letter

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



Daytona Beach, Florida
November 20, 2023



CHOICES IN LEARNING
ELEMENTARY CHARTER SCHOOL

November 14, 2023

Management Response to Findings

To Whom It May Concern,

2023-001 – Review of Proper Revenue Recordation and Year-End Transactions

At the recommendation of James Moore & Co. CIL will review all account balances at year-end with our third-party accountant to ensure proper recognition and cut-off based on the nature of the transactions.

2023-002 – Retention of Proper Support and Review of General Ledger Coding

At the recommendation of James Moore & Co. CIL will retain all applicable supporting documentation of expenditures incurred and to review the general ledger coding with our third -party accountant to ensure proper recordation based on the nature of the transactions.

2023-003 – General Fund Budgetary Compliance

As it relates to our overage by the amount of \$22,481 over the approved General Fund Budget, we will follow the recommendation of James Moore & Co in performing a budget to actual analysis on a monthly basis and/or whenever a significant new or unexpected expenditure occurs to ensure we are in compliance with all budgetary regulations.

Respectfully yours,

Dr. Jordan Rodriguez
Principal
Choices in Learning Elementary Charter School

Email: Jordan.Rodriguez@choicesinlearning.org