
FLORIDA FUTURES ACADEMY CHARTER SCHOOL, INC.

INDEPENDENT AUDITOR'S REPORT

AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

MARK ESCOFFERY P.A.
CERTIFIED PUBLIC ACCOUNTANT

FLORIDA FUTURES ACADEMY CHARTER SCHOOL, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board Members of
Florida Futures Academy Charter School, Inc.
West Palm Beach, Florida

Opinion

I have audited the accompanying Financial Statements of the governmental activities, and each major fund, of Florida Futures Academy Charter School, Inc. ("the School") (a nonprofit organization) a component unit of the School District of Palm Beach County as of and for the year ended June 30, 2023 which collectively comprise the Academy's basic financial statements as listed in the foregoing Table of Contents.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the School and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

I conducted my 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*. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. I am required to be independent of Everest Charter School, A Charter School under Excelsior Charter of Broward, Inc. and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Florida Futures Academy Charter School Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my opinion. 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 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, I:

- 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 Florida Futures Academy Charter School, Inc.'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 Florida Futures Academy Charter School, Inc.'s ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

Report on Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information on pages 3 through 6 and 13 are presented to supplement the basic financial statements. Such information although not part of the basic financial statements, is required by the Governmental Accounting Standard 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. I 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 my inquiries, the basic financial statements, and other knowledge we obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.



Palm Beach Gardens, Florida
September 17, 2023

FLORIDA FUTURES ACADEMY CHARTER SCHOOL, INC.
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2023

Our discussion and analysis of the Florida Futures Academy Charter School, Inc.’s (“the School”) financial program provides an overview of the School’s financial activities for the year ended June 30, 2023.

Because the information contained in this discussion is intended to highlight significant transactions, it should be read in conjunction with the School’s financial statements, which begin on page 7.

For financial statement purposes the School is not considered a component unit of the School District of Palm Beach County, which is a primary government entity for financial reporting. The School included separate statements for the Governmental Fund (General Fund) Balance Sheet and the Statement of Revenue, Expenditures and Changes in Fund Balance. The Statement of Net Position and the Statement of Activities report provide information on the activities of the School. The Fund Financial Statements reflect financing activities of the School by providing information on inflows and outflows of spendable resources.

NON-FINANCIAL HIGHLIGHTS

The School’s average daily enrollment in fiscal 2022-2023 was 141 students. The School expects to have 150 students for the 2023-2024 school year.

OVERVIEW OF THE FINANCIAL STATEMENTS

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the School’s financial position. Included in these statements are all assets and liabilities using the accrual basis of accounting. All of the current year’s revenues and expenses are recorded when earned or incurred.

The Statement of Net Position presents information on all of the School’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 the School is improving or deteriorating.

The Statement of Activities presents information showing how the government’s net position changed during the most recent fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

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.

Governmental Funds – All of the School’s basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash.

**FLORIDA FUTURES ACADEMY CHARTER SCHOOL, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

OVERVIEW OF THE FINANCIAL STATEMENTS (Cont'd.)

The governmental fund statements provide a detailed short-term view of the School's governmental activities and the basic services it provides.

Notes to the Financial Statements

The *Notes to the Financial Statements* 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 on pages 14-21 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the School's financial position. The School's assets exceeded liabilities by \$869,792 at June 30, 2023.

NET ASSETS

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Capital Assets	\$ 298,465	\$ 25,860
Current and Other Assets	972,566	808,045
Total Assets	\$ 1,271,031	\$ 833,905
Long-Term Liabilities	\$ 389,002	154,000
Other Liabilities	12,237	8,848
Total Liabilities	\$ 401,239	\$ 162,848
Investment in Capital	\$	\$
Assets Net of Related Debt	50,463	25,860
Debt Service	(141,000)	(154,000)
Nonspendable	106,307	106,307
Unrestricted Assets	854,022	692,890
Total Net Position	\$ 869,792	\$ 671,057

Revenues from governmental activities totaled \$1,303,088 for the year ended June 30, 2023. The main source of revenue is from Florida Education Finance Program (FEFP). This revenue amounted to \$1,103,716 and represented 84.7 % of total revenue from governmental activities.

	<u>6/30/23</u>	<u>% of Total 6/30/23</u>	<u>6/30/22</u>	<u>% of Total 6/30/22</u>
Revenue Source				
State Sources	\$ 1,275,087	97.7	\$ 1,258,755	97.3
Federal Sources	28,001	2.1	29,949	2.3
Local Sources	1,320	0.2	5,272	0.4
Total	\$ 1,304,408	100.0	\$ 1,293,976	100.0

**FLORIDA FUTURES ACADEMY CHARTER SCHOOL, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd)

Federal revenue sources are primarily from the IDEA Grant.

Local revenue sources are primarily food sales and income from grants, bequests and investments.

Expenses for major functions of the School are shown in the following table:

<u>Expense</u>	<u>6/30/23</u>	<u>% of Total 6/30/23</u>	<u>6/30/22</u>	<u>% of Total 6/30/22</u>
Instruction	\$ 182,873	16.6	\$ 234,914	22.2
Instructional Support Services	18,135	1.6	22,816	2.2
General Administration	53,139	4.8	51,878	5.0
School Administration	187,271	18.3	187,271	18.3
Facilities Acquisition	283,236	25.7	251,495	24.6
Board Services	5,814	0.5	14,198	1.4
Fiscal Services	41,269	3.7	28,220	2.7
Pupil Transportation	14,850	1.3	8,900	.9
Central Services	27,766	2.5	3,004	.3
Operation of Plant	174,909	15.9	161,573	15.6
Maintenance of Plant	1,665	.2	2,478	.2
Administrative Technology	11,136	1.0	43,809	4.2
Interest Expense	31,281	2.8	-	-
Depreciation	30,065	2.7	14,756	1.4
Total	<u>\$ 1,103,176</u>	<u>100.0</u>	<u>\$ 1,025,312</u>	<u>100.0</u>

BUDGETARY HIGHLIGHTS

Federal and State revenues budgets were amended to agree with actual revenues during the year ended June 30, 2023.

Total expenditure budget were amended to agree with actual expenditures during the year ended June 30, 2023.

Total fund balance of the General Fund was \$906,329 at June 30, 2023.

CAPITAL ASSETS

The School's investment in capital assets at June 30, 2023 was \$298,465 (net of depreciation). The investment includes leasehold improvements and software. The following is a summary of capital assets balances at June 30, 2023:

Right of use asset	474,937
Leasehold Improvements	12,485
Computer Equipment	185,325
	<u>672,747</u>
Less Accumulated Depreciation	374,282
	<u>\$ 298,465</u>

FLORIDA FUTURES ACADEMY CHARTER SCHOOL, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023

LEASE LIABILITY

ASC 842 was implemented during the year ended June 30, 2023. This resulted in the recording of a right to use asset of \$474,937 and accumulated amortization of \$226,935.

PROSPECTS FOR THE FUTURE

The School continues to receive funds from State sources in the form of Florida Education Finance Program Fees (FEFP). The fees are evaluated in October and February and are based on student enrollment.

- The School is projecting 150 students for the 2023-2024 School Year.
- The School Administration believes that the School will continue to progress, contribute to the educational needs of the mentally and emotionally challenged youths of Palm Beach County.

REQUESTS FOR INFORMATION

The Management Discussion and Analysis provides a general overview of the finances of the School. Requests for additional information should be addressed to Reg Maton, Business Manager, at 1760 N. Congress Avenue, West Palm Beach, Florida 33409.

FLORIDA FUTURES ACADEMY CHARTER SCHOOL, INC.

Governmental Fund Balance Sheet

June 30, 2023

	<u>General Fund</u>
ASSETS	
Cash	\$614,888
Investments	251,371
Deposits	106,307
Total Assets	<u><u>972,566</u></u>
LIABILITIES	
Accounts Payable	
Accrued Salaries	12,237
Total Liabilities	<u><u>12,237</u></u>
FUND BALANCE	
Restricted	
Nonspenable	106,307
Unassigned	854,022
	<u><u>960,329</u></u>
Total Liabilities and Fund Balance	<u><u>\$972,566</u></u>

The accompanying notes are an integral part of this statement

FLORIDA FUTURES ACADEMY CHARTER SCHOOL, INC.

STATEMENT OF NET POSITION

June 30, 2023

ASSETS	Account Number	Primary Government		Total
		Governmental Activities	Business-type Activities	
Cash and Cash Equivalents	1110	614,888		614,888
Grant Receivable	1130			
Deposits	1210	106,307		106,307
Investments		251,371		251,371
Leasehold Improvements	1320	12,485		12,485
Less Accumulated Depreciation	1329	(9,283)		(9,283)
Furniture, Fixtures and equipment	1340			
Less Accumulated Depreciation	1349			
Motor Vehicles	1350			
Less Accumulated Depreciation	1359			
Computer Equipment	1382	185,325		185,325
Less Accumulated Depreciation	1389	(138,064)		(138,064)
Right of use asset	1390	474,937		474,937
Less accumulated amortization	1391	(226,935)		(226,935)
Total Assets		1,271,031		1,271,031
LIABILITIES				
Salaries and Wages Payable	2110	12,237		12,237
Payroll Deductions and Withholdings	2170			
Accounts Payable	2120			
Note payable in more than a year:				
Note payable	21XX	141,000		141,000
Lease Liability	2200	248,002		248,002
Total Liabilities		401,239		401,239
NET POSITION				
Invested in Capital Assets, Net of Related Debt		50,463		50,463
Restricted For:				
Categorical Carryover Programs	2710	106,307		106,307
Debt Service	2750	(141,000)		(141,000)
Unrestricted		854,022		854,022
Total Net Position		869,792		869,792

The accompanying notes are an integral part of this statement

FLORIDA FUTURES ACADEMY CHARTER SCHOOL, INC.
Reconciliation of the Governmental Funds Balance Sheet
To the Statement of Net Position
June 30, 2023

Fund Balance- Governmental Funds		\$960,329
<p>Capital assets used in Governmental resources are financial resources and therefore are not reported in the governmental funds</p>		
Capital assets	197,810	
Accumulated Depreciation	(147,347)	
Right of use asset	474,937	
Accumulated amortization	(226,935)	
		298,465
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the Governmental Funds.</p>		
Note payable		(141,000)
Lease liability		(248,002)
Net Position of Governmental Activities		\$869,792

The accompanying notes are an integral part of this statement

FLORIDA FUTURES ACADEMY CHARTER SCHOOL, INC.
Statement of Governmental Fund Revenues, Expenditures and
Changes in Fund Balance
For the Fiscal Year ended June 30, 2023

	General Fund	Special Revenue Fund	Capital Outlay	Total
EXPENSES				
Instruction	212,037	28,001		240,038
Instruction and Curriculum Development	18,135			18,135
Board Fees	5,814			5,814
General Administration	53,139			53,139
School Administration	283,336			283,336
Fiscal Services	41,269			41,269
Facilities Acquisition	258,219			258,219
Pupil Transportation Services	14,850			14,850
Central Services	27,766			27,766
Operation of Plant	174,909			174,909
Maintenance of Plant	1,665			1,665
Administrative Technology	11,136			11,136
Debt Service	13,000			13,000
Total Expenses	<u>1,115,275</u>	<u>28,001</u>	<u>-</u>	<u>1,143,276</u>
PROGRAM REVENUES				
Florida Education Finance Program (FEFP)	1,103,716			1,103,716
Capital outlay			171,371	171,371
Total Program Revenues	<u>1,103,716</u>		<u>171,371</u>	<u>1,275,087</u>
GENERAL REVENUES				
Other Federal sources		28,001		28,001
Other State sources				
Other local sources	1,320			1,320
Total General Revenues	<u>1,320</u>	<u>28,001</u>		<u>29,321</u>
Excess of expenses over revenues	<u>(10,239)</u>	<u>-</u>	<u>171,371</u>	<u>161,132</u>
Fund balance, beginning of year	799,197			799,197
Fund balance, end of year	<u>\$788,958</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$960,329</u>

The accompanying notes are an integral part of this statement

FLORIDA FUTURES ACADEMY CHARTER SCHOOL, INC.
STATEMENT OF ACTIVITIES
June 30, 2023

FUNCTIONS	Account Number	Expenses	Program Revenues		Net (Expense) / Revenues and Changes in Net Position		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Special Revenue
Governmental activities:							
Instruction	5000	\$182,873		\$ 28,001		(154,872)	(154,872)
Instruction and Curriculum Development	6400	18,135				(18,135)	(18,135)
Board fees	7100	5,814				(5,814)	(5,814)
General Administration	7200	53,139				(53,139)	(53,139)
School Administration	7300	283,336				(283,336)	(283,336)
Facilities and Acquisition	7400	226,938			171,371	(55,567)	(55,567)
Fiscal services	7500	41,269				(41,269)	(41,269)
Central services	7700	27,766				(27,766)	(27,766)
Pupil Transportation Services	7800	14,850				(14,850)	(14,850)
Operation of Plant	7900	174,909				(174,909)	(174,909)
Maintenance of Plant	8100	1,665				(1,665)	(1,665)
Administrative technology	8200	11,136				(11,136)	(11,136)
Interest expense	9200	31,281				(31,281)	(31,281)
Unallocated Depreciation Expense *		30,065				(30,065)	(30,065)
Total governmental activities		1,103,176		28,001	171,371	(903,804)	(903,804)
Taxes:							
						1,103,716	1,103,716
						1,320	1,320
						<u>1,105,036</u>	<u>1,105,036</u>
						201,232	201,232
						<u>668,560</u>	<u>668,560</u>
						<u>\$869,792</u>	<u>\$869,792</u>

* This amount excludes the depreciation that is included in direct expenses of the various functions.

The accompanying notes are an integral part of this statement

FLORIDA FUTURES ACADEMY CHARTER SCHOOL, INC.
Reconciliation of the Statement of Revenues,
Of Governmental Fund (General Fund) To The
Statement of Activities
June 30, 2023

Net Changes in Fund Balances- Governmental Funds		\$161,132
<p>Amounts reported for governmental activities in the statement of net position are different because:</p> <p style="padding-left: 20px;">Investments</p> <p>However, in the Statement of Activities, the cost of those assets is depreciated over their estimated useful lives.</p>		
Capital Assets	57,165	
Depreciation expense	(30,065)	
Right of use asset	474,937	
Accumulated amortization	<u>(226,935)</u>	275,102
<p style="padding-left: 20px;">Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the Governmental Funds.</p>		
Payments on note payable		13,000
Lease liability		(248,002)
Change in Net Position of Governmental Activities		<u><u>\$201,232</u></u>

The accompanying notes are an integral part of this statement

FLORIDA FUTURES ACADEMY CHARTER SCHOOL, INC.
Statement of Revenues, Expenditures and Changes in Fund Balance Budget to Actual
June 30, 2023

	Governmental Funds			Special Revenue			Capital Outlay			TOTAL		
	Original and Final Budget	Actual	Variance	Original and Final Budget	Actual	Variance	Original and Final Budget	Actual	Variance	Original and Final Budget	Actual	Variance
	EXPENDITURES:											
Instructional Services	\$ 212,037	\$ 212,037	\$ -	\$ 28,001	\$ 28,001	\$ -				\$ 240,038	\$ 240,038	\$ -
Instruction and Curriculum Development	18,135	18,135	-							18,135	\$ 18,135	-
Board fees	5,814	5,814	-							5,814	\$ 5,814	-
General Administration	53,139	53,139	-							53,139	53,139	-
School Administration	283,336	283,336	-							283,336	283,336	-
Fiscal Services	41,269	41,269	-							41,269	41,269	-
Facilities and Acquisition	258,219	258,219	-							258,219	258,219	-
Pupil Transportation Services	14,850	14,850	-							14,850	14,850	-
Central Services	27,766	27,766	-							27,766	27,766	-
Operation of Plant	174,909	174,909	-							174,909	174,909	-
Maintenance of Plant	1,665	1,665	-							1,665	1,665	-
Administrative Technology	11,136	11,136	-							11,136	11,136	-
Debt Service	13,000	13,000	-							13,000	13,000	-
	<u>1,115,275</u>	<u>1,115,275</u>	<u>-</u>	<u>28,001</u>	<u>28,001</u>	<u>-</u>	<u>-</u>	<u>-</u>		<u>1,143,276</u>	<u>1,143,276</u>	<u>-</u>
PROGRAM REVENUES:												
Florida Education Finance Program	1,103,716	1,103,716	-							1,103,716	1,103,716	-
Capital Outlay							171,371	171,371		171,371	171,371	-
	<u>1,103,716</u>	<u>1,103,716</u>	<u>-</u>				<u>171,371</u>	<u>171,371</u>		<u>1,275,087</u>	<u>1,275,087</u>	<u>-</u>
GENERAL REVENUES:												
Other Federal sources				28,001	28,001	-				28,001	28,001	-
Other State sources										-	-	-
Other Local Sources	<u>1,320</u>	<u>1,320</u>	<u>-</u>							<u>1,320</u>	<u>1,320</u>	<u>-</u>
	<u>-</u>	<u>1,320</u>	<u>-</u>	<u>28,001</u>	<u>28,001</u>	<u>-</u>				<u>29,321</u>	<u>29,321</u>	<u>-</u>
Excess of Expenditures over Revenues	<u>\$ (11,559)</u>	<u>\$ (10,239)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 171,371</u>	<u>\$ 171,371</u>		<u>\$ 131,811</u>	<u>\$ 161,132</u>	<u>\$ -</u>
Fund Balance, Beginning of Year		<u>799,197</u>									<u>799,197</u>	
Fund Balance, End of year		<u>\$ 788,958</u>									<u>\$ 960,329</u>	

The accompanying notes are an integral part of these statements

**FLORIDA FUTURES ACADEMY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Florida Futures Academy Charter School, Inc. (“the School”) was established as a nonprofit organization in 2014 for the purpose of educating children under the laws of the State of Florida and is the reporting entity.

The School District of Palm Beach County granted a Contract (“the Contract”) to the School to operate a Charter School pursuant to *Florida Statute 228.056 (7)*. Under the Contract the School provides an education to children from ninth through twelfth grade who reside in Palm Beach County. For financial statement purposes, the School is not considered a component unit of the School District of Palm Beach County, which is a primary government entity for financial reporting.

The School District of Palm Beach County received 5% of the Florida Education Finance Program (FEFP) revenue as an administrative fee, up to 250 students of un-weighted FTE for schools with 75% or more of ESE students.

The Contract is effective through June 30, 2029. The Contract requires the School District to provide the School’s primary source of funding based upon the number of full-time equivalent students (FTES) registered at the School.

The School is a tax exempt organization under 501(C)(3) of the Internal Revenue Code.

The School’s financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Government Accounting Standards Board (GASB) is responsible for establishing GAAP for school districts through its pronouncements (statements and interpretations). The more significant accounting policies established in GAAP and used by the School are discussed below.

Basic Financial Statements

The School’s basic financial statements are the Statements of Net Position and the Statement of Activities. The activities of the School are classified as governmental type activities. All the School’s governmental activities are included in the general fund. There are no other major funds. In the Statement of Net Position, the governmental activities column is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt obligations. The School’s net position are reported in three parts – invested in capital assets, net of related debt; restricted for categorical carryover programs, debt service; and unrestricted net position.

FLORIDA FUTURES ACADEMY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basic Financial Statements (Cont'd.)

The Statement of Activities reports both the gross and net cost of each of the School's functions. The functions are also supported by government revenues such as Florida Education Finance Program (FEFP), Federal, and State Grants. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (after school and youth services, etc.).

Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

Fund Financial Statements

Fund financial statements are provided for governmental funds. The operations of the funds are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues and expenditures. Major individual governmental funds are reported as separate columns in the fund financial statements.

General Fund – is the School's primary operating fund. It accounts for all financial resources of the School, except those required to be accounted for in another fund.

Special Revenue Fund – accounts for specific revenue, such as federal grants that are legally restricted to expenditures for particular purposes.

Capital Outlay Fund - accounts for specific revenue received from the State of Florida that is used in the purchase, construction or lease of real property

Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounting and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

The School's basic financial statements include government-wide and fund financial statements (reporting the major fund) as well as notes to the financial statements. The School's primary activities are classified as governmental activities.

Accrual

The governmental type activities in the financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. When both restricted and unrestricted resources are available for use, it is the policy of the School to use restricted resources first, and then use unrestricted resources as they are needed.

FLORIDA FUTURES ACADEMY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Measurement Focus

The accounting and financial reporting treatment is determined by applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources (current assets less current liabilities) or economic resources (all assets and liabilities).

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet and operating statements present increases (i.e. revenues) and decreases (i.e. expenses) in net position.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e. revenues and other financing sources) and decreases (i.e. expenditures and other financial uses) in net current assets.

Under the modified accrual basis of accounting, revenues are recognized when they become measurable and available to finance expenditures of the fiscal 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. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles include the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

Concentration of Credit Risk

Financial instruments that subject the School to concentrations of credit risk include cash deposits. While the School attempts to limit its financial exposure, its cash balances may at times exceed federally insured limits of \$250,000. The School has not experienced any losses on such balances.

Cash deposits are held at banks qualified as public depositories under Florida law. The School has complied with the investment criterion as defined by *Florida Statute 218.415*.

FLORIDA FUTURES ACADEMY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fair Value Measurements

The Fair Value Measurements Topic of the FASB Accounting Standards Codification defines fair value, establishes a consistent framework for measuring fair value and expands disclosure requirements for fair value measurements.

The School measures the fair value of assets and liabilities as the price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market in an orderly transaction between market participants at the measurement date. The fair value hierarchy distinguishes between independent observable inputs and unobservable inputs used to measure fair value as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2: Inputs other than quoted market prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for an asset or liability. Level 3 inputs should be used to measure fair value to the extent that observable Level 1 or 2 inputs are not available.

Financial assets or liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the valuation of assets and liabilities and their placement within the fair value hierarchy levels.

Contributed Services and Facilities

The School does not recognize any support, revenue or expense from services contributed by individual volunteers since no objective basis is available to measure the value of such services. However, a substantial number of volunteers have donated significant amounts of time to the School's program services.

Budgetary Basis of Accounting

Budgets are presented on the modified accrual basis of accounting. During the fiscal year expenditures were controlled at the object level (i.e., salaries, purchased services, and capital outlay).

FLORIDA FUTURES ACADEMY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Capital Assets

Capital assets purchased or acquired with an original cost of \$750 or more are reported at historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

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

Furniture, Fixtures and Equipment	5-10 Years
Leasehold Improvements	20 Years
Computer Equipment & Software	5-10 Years
Vehicles	5 Years

Program Revenue

Revenues for operations are received primarily from the School District of Palm Beach County pursuant to the funding provisions included in the School’s Charter. In accordance with the funding provisions of the Charter and Section 1002.33, Florida Statutes, the School will report the number of full-time equivalent (FTE) students and related data to the School District of Palm Beach County. Funding for the School is adjusted during the year to reflect the revised calculations by the Florida Department of Education under the Florida Education Finance Program and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey periods. In addition, the School receives an annual allocation of charter school capital outlay funds for leasing of school facility.

General Revenue

These revenue funds include federal grants, state revenue other than Florida Education Finance Program revenue and local source revenue including capital improvement and fundraising.

Fund Balance Classifications

GASB requires the fund balance amounts to be properly reported within one of the fund balance categories listed below:

- a) **Nonspendable** fund balance includes amounts that are not in a spendable form such as inventories, prepaid expenses, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed or assigned). There was a nonspendable fund balance at year end.
- b) **Restricted** fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally, or through enabling legislation. There was no restricted fund balance at year end.
- c) **Committed** fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the School’s highest level of decision making authority. There was no committed fund balance at year end.

FLORIDA FUTURES ACADEMY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Balance Classifications (Cont'd.)

- d) **Assigned** fund balance includes amounts intended to be used by the School's Management for specific purposes but which does not meet the criteria to be classified as restricted or committed. There was no assigned fund balance at year end.

- e) **Unassigned** fund balance includes amounts that are available for any purpose. These amounts are reported only in the general fund. There was an unassigned fund balance at year end.

Order of Fund Balance Spending Policy

The School's policy is to apply expenditures against nonspendable fund balance, followed in order by restricted fund balance, committed fund balance, assigned fund balance, and lastly unassigned fund balance at the end of the fiscal year. The School's Board of Directors can deviate from this policy if it is in the best interest of the School.

Adoption of FASB ASC 842

Effective July 1, 2022, the Academy adopted FASB ASC 842, *Leases*. The new standard establishes a right of use (ROU) model that requires a lessee to record an ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases with a term of less than 12 months will not record a right of use asset and lease liability and the payments will be recognized into profit or loss on a straight-line basis over the lease term.

The Academy elected to adopt FASB ASC 842, *Leases*, using the optional transition method that allows the Academy to initially apply the new leases standard at the adoption date and recognize a cumulative effect adjustment to the opening balance of net position in the period of adoption.

The Academy elected to adopt the package of practical expedients available under the transition guidance with the new standard. This package includes the following: relief from determination of lease contracts included in existing or expiring leases at the point of adoption, relief from having to reevaluate the classification of leases in effect at the point of adoption, and relief from reevaluation of existing leases that have initial direct costs associated with the execution of the lease contract. The Academy also elected to adopt the practical expedient to use hindsight to determine the lease term and assess the impairment of the right of use assets.

See Note 5 – Commitments and Contingencies for a discussion of the impact of implementing FASB ASC 842, *Leases*.

NOTE 2 – COMPENSATED ABSENCES

Employees of the School are entitled to paid vacation and sick days depending on length of services. The School's policy is to recognize the cost of vacation days when earned by the employees. The value of unused vacation days was determined to be immaterial and therefore no accrual has been made.

**FLORIDA FUTURES ACADEMY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 3 – CAPITAL ASSETS

	Beginning Balance	Additions	Disposals	Ending Balance
Right of use asset		474,937		474,937
Leasehold Improvements	\$ 12,485	-	-	\$ 12,485
Computer Equipment	128,160	57,165	-	185,325
	140,645	532,102	-	672,747
Less Accumulated Depreciation and amortization	114,785	259,497	-	374,282
Capital Assets	<u>\$25,860</u>	<u>272,605</u>	<u>-</u>	<u>\$298,465</u>

Depreciation expense of \$30,065 was unallocated during the year ended June 30, 2023. Amortization expense was \$226,935.

NOTE 4 – LONG TERM LIABILITIES

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Note Payable	\$154,000		\$13,000	\$141,000	\$12,000
	<u>\$154,000</u>		<u>\$13,000</u>	<u>\$141,000</u>	<u>\$12,000</u>

Debt Maturity:

June 30,	Principal	Interest
2024	\$ 12,000	-
2025	12,000	-
2026	12,000	-
2027	12,000	-
2028	93,000	-
	<u>\$141,000</u>	<u>-</u>

NOTE 5 – COMMITMENTS AND CONTINGENCIES

Leases

The Academies has lease arrangements for certain equipment that typically do not extend beyond five years and generally contain one year renewal options, none of which are reasonably certain of exercise. The Academies' lease arrangements may contain both lease and non-lease components. The Academies has elected to combine and account for lease and non-lease components as a single lease component for its leases.

**FLORIDA FUTURES ACADEMY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 5 – COMMITMENTS AND CONTINGENCIES (Cont’d.)

The Academies leases its administrative and classroom facilities under a non-cancelable operating lease that expires in 2024.

The Academies made \$258,216 of fixed cash payments related to operating leases for the year ended June 30, 2023.

The following table shows lease expense details for the year ended June 30, 2023:

Lease expense	
Operating lease expense	\$ 258,216
Total	<u>258,216</u>

The following table shows other important lease information:

Other information

Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flows from operating leases	258,216
ROU assets obtained in exchange for new operating lease liabilities	474,937
Weighted-average remaining lease term in years for finance leases	1 year
Weighted-average discount rate for finance leases	8.91%

Lease liability maturities as of June 30, 2023, are as follows:

YEAR ENDED	
JUNE 30,	
2024	258,216
2025-2028	-
Total undiscounted cash flows	<u>258,216</u>
Less: present value discount	<u>(10,214)</u>
Total lease liabilities	<u>248,002</u>

NOTE 6 – COMMITMENTS AND CONTINGENCIES

Risk Management

The School is exposed to various risks of loss related to theft, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The School purchases commercial insurance for all material risks of loss to which the School is exposed, including general liability, property, auto and workers compensation. A review of the past eight years reveals that settled claims have not exceeded insurance coverage.

FLORIDA FUTURES ACADEMY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 6 – COMMITMENTS AND CONTINGENCIES (Cont'd)

The School receives funding from the State of Florida based on the number of full time equivalent (FTE) students who attend the Charter School. The data is compiled by the School and is subject to audit by the State and if errors are found this could result in amounts having to be repaid to the State or decrease in future allocations. Management believes that the amounts that would have to be remitted back to the State due to errors in their FTE count would not be material to the financial position of the School.

NOTE 7 – SUBSEQUENT EVENTS

Management has evaluated events that occurred subsequent to the year end for potential recognition or disclosure in the financial statements, through the date on which the financial statements were available to be issued. The date when the financial statements were available to be issued was September 17, 2023. Management's evaluation did not reveal any subsequent events that would have a material effect on the financial statements.

Mark Escoffery, P.A.

Certified Public Accountant

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Palm Beach Gardens, FL 33410

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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 Members of
Florida Futures Academy Charter School, Inc.
West Palm Beach, Florida

I have audited the financial statements of Florida Futures Academy Charter School, Inc., (“the School”) (a nonprofit organization) as of and for the year ended June 30, 2023, and have issued my report thereon dated September 17, 2023. I conducted my 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.

Internal Control over Financial Reporting

In planning and performing my audit, I considered the School’s internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School’s internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the School’s internal control over financial reporting.

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.

My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL RERPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
*GOVERNEMNT AUDITING STANDARDS (Continued)***

To the Members of the Board of
Florida Futures Academy Charter School, Inc.
West Palm Beach, Florida
Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free of material misstatement, I 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board Members, Management, others within the School and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Palm Beach Gardens, Florida
September 17, 2023

Mark Escoffery, P.A.

Certified Public Accountant

8645 N. Military Trail
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MANAGEMENT LETTER

To the Board Members of
Florida Futures Academy Charter School, Inc.
West Palm Beach, Florida

Report on the Financial Statements

I have audited the financial statements of Florida Futures Academy Charter School, Inc., Florida, (“the School”) as of and for the fiscal year ended June 30, 2023, and have issued my report thereon dated September 17, 2023.

Auditor’s Responsibility

I conducted my 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 Reports and Schedules

I have issued my Independent Auditor’s Report on Internal Control over Financial Report and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing standards*.

Prior Audit Findings

Section 10.854(1)(e)1., Rules of the Auditor General, requires that I 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 and recommendations made in the preceding annual financial audit report.

Official Title

Section 10.854(1)(e)5., Rules of the Auditor General, requires the name or official title of the entity. The official title of the entity is Florida Futures Academy Charter School, Inc.

MANAGEMENT LETTER
(Continued)

Financial Condition

Section 10.854(1)(e)2., Rules of the Auditor General, requires a that I report the results of my determination as to whether or not the Florida Futures Academy Charter School, Inc. has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with my audit, I determined that the Florida Futures Academy Charter School, Inc. 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, I applied financial condition assessment procedures for the Florida Futures Academy Charter School, Inc. It is management's responsibility to monitor the Florida Futures Academy Charter School, Inc.'s financial condition, and my financial condition assessment was based in part on representations made by management and the review of financial information provided by same. Financial assessments made did not indicate that the Florida Futures Academy Charter School, Inc.'s financial condition is deteriorating.

Transparency

Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require that I report the results of my determination as to whether the Florida Futures Academy Charter School, Inc. maintains on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with my audit, I determined that the Florida Futures Academy Charter School, Inc. maintained on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes.

Other Matters

Section 10.854(1)(e)3., Rules of the Auditor General, requires that I address in the management letter any recommendations to improve financial management. In connection with my audit, I did not have any such recommendations.

Section 10.854(1)(e)4., Rules of the Auditor General, requires that I address 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 my audit, I did not have any such findings.

Purpose of this Letter

My 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 Palm Beach County School District and is not intended to be and should not be used by anyone other than these specified parties.

Mark Escoffery, P.A.
September 17, 2023

