

PARRISH CHARTER ACADEMY
PARRISH, FLORIDA
(A COMPONENT UNIT OF THE SCHOOL BOARD
OF MANATEE COUNTY, FLORIDA)

BASIC FINANCIAL STATEMENTS, INDEPENDENT
AUDITOR'S REPORT AND SUPPLEMENTAL
INFORMATION

JUNE 30, 2023

PARRISH CHARTER ACADEMY
BASIC FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION
JUNE 30, 2023

TABLE OF CONTENTS

	PAGES
General Information.....	1
BASIC FINANCIAL STATEMENTS	
Independent Auditor’s Report.....	2-4
Management’s Discussion and Analysis (not covered by Independent Auditor’s Report).....	5-9
Basic Financial Statements	
<i>Government-wide Financial Statement:</i>	
Statement of Net Position.....	10
Statement of Activities.....	11
<i>Fund Financial Statements:</i>	
Balance Sheet – Governmental Funds.....	12
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position.....	13
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds.....	14
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities.....	15
<i>Notes to Basic Financial Statements</i>	16-26
Required Supplemental Information	
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual – General Fund.....	27
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual – Special Revenue Fund.....	28
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual –Debt Service Fund.....	29
<i>Note to Required Supplemental Information</i>	30
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	31-32
Management Letter.....	33-34

PARRISH CHARTER ACADEMY
(A Component Unit of the District School Board of Manatee County, Florida)

8605 Erie Road,
Parrish, FL 34219
(941) 545-6380

2022-2023

BOARD OF DIRECTORS

Mr. Mark McCabe, President
Ms. Helen Deitrich, Vice President
Mr. Adaer Carreno Lopez
Mr. Mike Diaferio

SCHOOL ADMINISTRATION

Ms. Gwen DaPore, Executive Director
Ms. Dawn Patterson, Principal



INDEPENDENT AUDITOR'S REPORT

Board of Directors
Parrish Charter Academy
Parrish, Florida

Armando Aburto, C.P.A.
Jorge Albeirus, C.P.A.
Viviana Bruno, C.P.A.
Lisset I. Cascudo, C.P.A.
Michelle del Sol, C.F.E., C.P.A.
Elizabeth Jarvis, C.P.A.
Cristy C. Rubio, C.P.A.
Pedro L. Silva, C.P.A.
Michael Vildosola, C.P.A.

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Parrish Charter Academy (the "School"), a charter School under Parrish Charter Academy, Inc. and a component unit of the District School Board of Manatee County, Florida, 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Parrish Charter Academy, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and

comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

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



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 20, 2023

Management’s Discussion and Analysis
Parrish Charter Academy
June 30, 2023

The corporate officers of Parrish Charter Academy (the “School”) have prepared this narrative overview and analysis of the School’s financial activities for the fiscal year ended June 30, 2023, the School’s third year of operations.

FINANCIAL HIGHLIGHTS

1. At year-end, the School had current assets of \$14,385,380.
2. The School reported an increase in fund balance during the year of \$11,611,408. At year-end, the School’s combined fund balance was \$12,569,677.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the School’s basic financial statements. The School’s financial statements for the year ended June 30, 2023 are presented in accordance with GASB Codification Section 2200. The financial statements have three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required 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 the School’s finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the School’s assets and liabilities. The difference between the two is reported as *net position*. Over time, increases or decreases in net position may serve as an indicator of whether the financial position of the School is improving or deteriorating.

The *Statement of Activities* presents information on how the School’s net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event resulting in the change occurs, without regard to the timing of related cash flows. Accordingly, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

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

Fund Financial Statements

A “fund” is a collection of related accounts grouped to maintain control over resources that have been segregated for specific activities, projects, or objectives. The School, like other state and local governments, uses fund accounting to ensure and report compliance with finance-related legal requirements. All of the funds of the School are governmental funds. *Governmental Funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements.

Governmental Fund financial statements, however, focus on *near-term* inflows and outflows of spendable resources, as well as on the balances of spendable resources which are available at the end of the fiscal year. Such information may be used to evaluate a government's requirements for near-term financing.

Prior to the start of the School's fiscal year, the Board of the School adopts an annual budget for all of its governmental funds, if applicable. A budgetary comparison statement has been provided for the School's governmental funds to demonstrate compliance with the School's budget. The basic governmental fund financial statements can be found on pages 12 - 15 of this report.

Notes to 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 16 - 26 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, over time net position may serve as a useful indicator of the School's financial position. A summary of the School's net position as of June 30, 2023 and 2022 follows:

	Net Position	
Assets	2023	2022
Cash and cash equivalents	\$ 1,596,144	\$ 1,158,549
Restricted cash	12,686,890	-
Due from other agencies	97,346	23,520
Deposits	5,000	5,000
Capital and right-of-use assets, net	17,937,540	7,660,338
Total Assets	\$ 32,322,920	\$ 8,847,407
Liabilities and Net Position		
Accounts and wages payable and accrued liabilities	\$ 1,815,703	\$ 228,800
Long-term debt	30,507,064	8,609,343
Total Liabilities	32,322,767	8,838,143
Net investment in capital and right-of-use assets	(13,331,232)	(721,403)
Restricted	11,948,660	100,267
Unrestricted	1,382,725	630,400
Total Net Position	\$ 153	\$ 9,264
Total Liabilities and Net Position	\$ 32,322,920	\$ 8,847,407

At June 30, 2023, the School's total assets were \$32,322,920 and total liabilities were \$32,322,767. At June 30, 2022, the School reported a total net position of \$9,264 a decrease of \$9,111 from the prior year. This was the School's fourth year of operations.

A summary and analysis of the School's revenues and expenses for the years ended June 30, 2023 and 2022 follows:

REVENUES	<u>2023</u>	<u>2022</u>
Program Revenues		
Federal lunch program	\$ 101,219	\$ 328,419
Federal passed through state	88,159	10,066
State capital outlay funding	306,082	259,686
Charges for services	421,370	155,979
General Revenues		
FEFP nonspecific revenue	5,126,944	4,153,960
Other revenue	695,531	257,688
Total Revenues	<u>\$ 6,739,455</u>	<u>\$ 5,165,798</u>
 EXPENSES		
Instruction	\$ 2,394,215	\$ 1,729,481
Instructional and curriculum	291,988	177,436
Instructional related technology	-	14,736
Food services	147,413	228,981
General administration	95,400	73,261
School administration	534,291	405,221
Central services	64,275	49,725
School Board	65,481	61,832
Operation of plant	939,284	671,286
Fiscal services	887,225	607,463
Transportation	97,097	62,810
Administrative technology services	49,884	-
Community services	84,136	102,223
Interest and other debt costs	1,097,877	600,502
Total Expenses	<u>\$ 6,748,566</u>	<u>\$ 4,784,957</u>
Change in Net Position	(9,111)	380,841
 Net Position (Deficit) at Beginning of Year	9,264	(371,577)
 Net Position at End of Year	<u>\$ 153</u>	<u>\$ 9,264</u>

The School's total revenues for the year ended June 30, 2023 were \$6,739,455 while its total expenses were \$6,748,566, for a net decrease of \$9,111. This was the School's third full year of operations. The School continued to make significant investments in its facilities, instruction and curriculum during its fourth year of operations.

SCHOOL LOCATION

The School operates in the Manatee County area located at 8605 Erie Road, Parrish, FL 34219.

CAPITAL IMPROVEMENT REQUIREMENT

The School maintains a continuous capital improvements program to enhance facilities and update fixtures and equipment as required.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUND

As noted earlier, the School uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

GOVERNMENTAL FUNDS

The focus of the School's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the School'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.

For the year ended June 30, 2023, the School's governmental funds reported an increase in fund balance of \$11,611,408 and reported a combined fund balance at year-end of \$12,569,677.

CAPITAL AND RIGHT-OF-USE ASSETS

The School's investment in capital and right-of-use facilities, as of June 30, 2023, amounts to \$17,937,540 (net of accumulated depreciation and amortization). The net investment in capital assets totals \$11,413,966 and include property, construction in progress, improvements, vehicles, furniture, fixtures, and equipment.

LONG-TERM DEBT

In April 2023, the School issued tax-exempt revenue bonds for \$22,140,000 (Series 2023A) and \$1,385,000 (Series 2023B), which are secured by their related reserve and indenture subaccounts. The bonds were issued to finance the acquisition, improvements, and related financing costs of the School's educational facilities. The balance at June 30, 2023 of bonds payable totaled \$23,525,000.

REQUESTS FOR INFORMATION

This financial report is intended to provide a general overview of the finances of the School. Requests for additional information may be addressed to Mr. Charles Maletesta of FORZA Education Management at P.O. Box 830, Parrish, FL, 34219.

GOVERNMENTAL FUND BUDGET ANALYSIS

Prior to the start of the School's fiscal year, the Board of the School adopted an annual budget. A budgetary comparison statement has been provided for the governmental funds to demonstrate compliance with the School's budget.

	All Governmental Funds		
	Original Budget	Final Budget	Actual
REVENUES			
State passed through local district	\$ 4,191,370	\$ 5,126,944	\$ 5,126,944
Federal lunch program	30,000	101,219	101,219
Federal passed through state	548,581	88,159	88,159
State capital outlay funding	303,450	306,082	306,082
Local and other revenue	115,005	1,117,051	1,117,051
TOTAL REVENUES	\$ 5,188,406	\$ 6,739,455	\$ 6,739,455
EXPENDITURES			
Instruction	\$ 2,208,201	\$ 2,394,215	\$ 2,394,215
Instructional support	240,007	291,988	291,988
Instructional related technology	-	-	-
Food services	30,000	147,413	147,413
General administration	90,644	95,400	95,400
School administration	327,663	493,668	493,668
Central services	51,800	64,275	64,275
School Board	12,300	65,481	65,481
Operation of plant	993,024	614,749	614,749
Fiscal services	789,577	887,225	887,225
Transportation	39,366	87,573	87,573
Administrative technology services	-	49,884	49,884
Community services	112,085	84,136	84,136
Capital Outlay	-	10,505,982	10,505,982
Debt service	282,000	6,875,156	6,875,156
TOTAL EXPENDITURES	5,176,667	22,657,145	22,657,145
Net change in fund balance	11,739	(15,917,690)	(15,917,690)
OTHER FINANCING SOURCES			
Loan proceeds	-	27,675,000	27,675,000
Increase in bond discount	-	(145,902)	(145,902)
Total other financing sources	-	27,529,098	27,529,098
NET CHANGE IN FUND BALANCE	\$ 11,739	\$ 11,611,408	\$ 11,611,408

The general and special revenue fund budgets for the year ending June 30, 2023 were developed based on the School's anticipated revenues and expenditures and the expected student population for the school year. Over the course of the year the School revised its budgets for all funds and the final budgets were equal to actual expenditures. Refer to budgetary comparison schedules at pages 27 and 28 for more information.

**PARRISH CHARTER ACADEMY
STATEMENT OF NET POSITION
JUNE 30, 2023**

	<u>Governmental Activities</u>
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 1,596,144
Restricted cash	12,686,890
Due from other agencies	97,346
Deposits	<u>5,000</u>
TOTAL CURRENT ASSETS	14,385,380
CAPITAL ASSETS, NET	11,413,966
RIGHT-OF-USE ASSETS, NET	6,377,672
Discount on bonds payable	<u>145,902</u>
TOTAL ASSETS	<u><u>\$ 32,322,920</u></u>
LIABILITIES AND NET POSITION	
LIABILITIES	
Accounts payable and accrued liabilities	\$ 1,556,613
Accrued payroll and related expenses	259,090
Note payable	12,857
Right-of-use liability- current portion	<u>26,312</u>
TOTAL CURRENT LIABILITIES	1,854,872
Bond payable- long-term portion	23,525,000
Note payable - long-term portion	63,931
Right-of-use liability- long-term portion	<u>6,878,964</u>
TOTAL LIABILITIES	32,322,767
NET POSITION	
Invested in capital and right-of-use assets, net of related debt	(13,331,232)
Restricted	11,948,660
Unrestricted	<u>1,382,725</u>
TOTAL NET POSITION	153
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 32,322,920</u></u>

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

**PARRISH CHARTER ACADEMY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023**

Functions	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
Instruction	\$ 2,394,215	\$ -	88,159	\$ -
Instructional support	291,988	-	-	-
Food services	147,413	46,192	101,219	-
General administration	95,400	-	-	-
School administration	534,291	-	-	-
Central services	64,275	-	-	-
Board	65,481	-	-	-
Operation of plant	939,284	-	-	306,082
Fiscal services	887,225	-	-	-
Transportation	97,097	-	-	-
Administrative technology services	49,884	-	-	-
Community services	84,136	375,178	-	-
Interest and other debt costs	1,097,877	-	-	-
Total Governmental Activities	\$ 6,748,566	\$ 421,370	\$ 189,378	\$ 306,082
GENERAL REVENUES:				
				\$ 5,126,944
				695,531
				150
				<u>5,822,625</u>
				(9,111)
				<u>9,264</u>
				<u>\$ 153</u>

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

**PARRISH CHARTER ACADEMY
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2023**

	Governmental Funds	Special Revenue Fund	Debt Service Fund	Capital Outlay Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 1,495,879	\$ 100,265	\$ 12,686,890	\$ -	\$ 14,283,034
Due from other agencies	-	97,346	-	-	97,346
Due from internal funds	97,346	-	-	-	97,346
Due from debt service fund	-	-	-	10,312,275	10,312,275
Deposits	5,000	-	-	-	5,000
TOTAL ASSETS	\$ 1,598,225	\$ 197,611	\$ 12,686,890	\$ 10,312,275	\$ 24,795,001
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable and accrued liabilities	718,118	-	-	838,495	1,556,613
Due to internal funds	-	97,346	-	-	97,346
Due to capital outlay fund	-	-	10,312,275	-	10,312,275
Accrued payroll and related expenses	259,090	-	-	-	259,090
TOTAL CURRENT LIABILITIES	977,208	97,346	10,312,275	838,495	12,225,324
TOTAL LIABILITIES	977,208	97,346.00	10,312,275	838,495.00	12,225,324
FUND BALANCE					
Nonspendable	5,000	-	-	-	5,000
Restricted	-	100,265	2,374,615	9,473,780	11,948,660
Unassigned	616,017	-	-	-	616,017
TOTAL FUND BALANCE	621,017	100,265	2,374,615	9,473,780	12,569,677
TOTAL LIABILITIES AND FUND BALANCE	\$ 1,598,225	\$ 197,611	\$ 12,686,890	\$ 10,312,275	\$ 24,795,001

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

**PARRISH CHARTER ACADEMY
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT
OF NET POSITION
JUNE 30, 2023**

Total Fund Balance - Governmental Funds	\$	12,569,677
<p>Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.</p>		
	Capital assets, net	11,413,966
<p>Right-of-use assets and liabilities used in governmental activities are not financial resources or obligations and therefore are not reported.</p>		
	Right-of-use asset	6,377,672
	Right-of-use liability	(6,905,276)
Discount on bond payable		145,902
<p>Long term liabilities are not due in the current period and, accordingly, are not reported as fund liabilities.</p>		
		(23,601,788)
Total Net Position - Governmental Activities	<u>\$</u>	<u>153</u>

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

**PARRISH CHARTER ACADEMY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023**

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Outlay Fund	Total Governmental Funds
REVENUES					
State passed through local school district	\$ 5,126,944	\$ -	\$ -	\$ -	\$ 5,126,944
Federal lunch program	-	101,219	-	-	101,219
Federal passed through state	-	88,159	-	-	88,159
State capital outlay funding	-	-	-	306,082	306,082
Local and other revenue:					
Charges for services	375,178	46,192	-	-	421,370
Other	695,681	-	-	-	695,681
TOTAL REVENUES	\$ 6,197,803	\$ 235,570	\$ -	\$ 306,082	\$ 6,739,455
EXPENDITURES					
Current:					
Instruction	\$ 2,306,056	\$ 88,159	\$ -	\$ -	\$ 2,394,215
Instructional support	291,988	-	-	-	291,988
Food services	-	147,413	-	-	147,413
General administration	95,400	-	-	-	95,400
School administration	493,668	-	-	-	493,668
Central services	64,275	-	-	-	64,275
School Board	65,481	-	-	-	65,481
Operation of plant	614,749	-	-	-	614,749
Fiscal services	887,225	-	-	-	887,225
Transportation	87,573	-	-	-	87,573
Administrative technology services	49,884	-	-	-	49,884
Community services	84,136	-	-	-	84,136
Capital Outlay:					
Other capital outlay	319,723	-	212,218	9,974,041	10,505,982
Debt service:					
Principal retirement	6,786	-	5,757,602	12,891	5,777,279
Interest and fees	93,041	-	711,645	293,191	1,097,877
TOTAL EXPENDITURES	\$ 5,459,985	\$ 235,572	\$ 6,681,465	\$ 10,280,123	\$ 22,657,145
Excess (deficit) of revenues over expenditures	737,818	(2)	(6,681,465)	(9,974,041)	(15,917,690)
OTHER FINANCING SOURCES					
Loan proceeds	\$ 70,000	-	23,525,000	4,080,000	27,675,000
Increase in bond discount	-	-	(145,902)	-	(145,902)
Transfers (out) in	(1,044,803)	-	(14,323,018)	15,367,821	-
Total other financing sources	<u>(974,803)</u>	<u>-</u>	<u>9,056,080</u>	<u>19,447,821</u>	<u>27,529,098</u>
Excess of revenues over expenditures	(236,985)	(2)		9,473,780	11,611,408
NET CHANGE IN FUND BALANCE	(236,985)	(2)	2,374,615	9,473,780	11,611,408
Fund balance at beginning of year	858,002	100,267	-	-	958,269
Fund balance at end of year	<u>\$ 621,017</u>	<u>\$ 100,265</u>	<u>\$ 2,374,615</u>	<u>\$ 9,473,780</u>	<u>\$ 12,569,677</u>

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

PARRISH CHARTER ACADEMY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
JUNE 30, 2023

Change in Fund Balance - Governmental Funds \$ 11,611,408

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capital outlays	10,505,982
Depreciation expense	(85,882)

The proceeds from loans provide current financial resources to governmental funds, but increases long-term liabilities in the statement of net position, while forgiveness of debt is reported as income on the statement of activities and is not reported in the governmental funds. Repayment of principal is an expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Redemption of principal	5,777,279
Proceeds from financing	(27,529,098)

In the statement of activities, amortization of the right-of-use asset is reported as an expense over the estimated life of the lease, however, in the governmental funds it is not included as an expenditure.

Amortization expense	(288,800)
----------------------	-----------

Change in Net Position of Governmental Activities	\$ (9,111)
---	------------

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

**PARRISH CHARTER ACADEMY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 1 – ORGANIZATION AND OPERATIONS

Reporting Entity

Parrish Charter Academy (the “School”) is a charter school sponsored by the School Board of Manatee County, Florida (the “District”) and is a component unit of the District. The School’s charter is held by Parrish Charter Academy, Inc., 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 School is governed by a Board of Directors composed of four members.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter which is effective through June 30, 2024. The charter may be renewed as provided in Section 1002.33 or 1002.331, Florida Statutes, upon mutual consent between the School and the District and execution of a written renewal. 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 ninety days prior to the charter's expiration. The School contract provides in the event the School is dissolved or terminated, any unencumbered funds and all School property purchased with public funds revert to the District. During the term of the charter, the District may also terminate the charter if good cause is shown.

These financial statements are for the year ended June 30, 2023, when approximately 566 students were enrolled in grades Kindergarten through 6th grade.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Based on the guidance provided in the American Institute of Certified Public Accountants Audit and Accounting Guide – Audits per State and Local Governments and provisions of Florida Statutes, the School is presented as a governmental organization for financial statement reporting purposes under standards set by the Governmental Accounting Standards Board (“GASB”).

Government-wide and Fund Financial Statements

Government-wide Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These statements report information for the School as a whole. Both statements report only governmental activities as the School does not engage in any business type activities. These statements do not include fiduciary funds.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees, (2) operating grants and contributions which finance annual operating activities, and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. Other revenue sources not properly included with program revenues are reported as general revenues.

**PARRISH CHARTER ACADEMY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide and Fund Financial Statements (Continued)

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, namely, the general, special revenue, debt service, and capital project funds are reported as separate columns in the fund financial statements:

The School utilizes the following major governmental funds:

General Fund – is the School’s primary operating fund. The General Fund accounts for all financial resources not accounted for and reported in another fund.

Special Revenue Fund – used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service and capital projects.

Capital Projects Fund – used to account for financial resources used for the acquisition or construction of major capital facilities and for the proceeds and related expenditures of charter school capital outlay funding.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The financial statements of the School are prepared in accordance with generally accepted accounting principles (GAAP). The School’s reporting entity applies all relevant Governmental Accounting Standards Board (GASB) *Codification of Accounting and Financial Reporting Guidelines*.

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Revenues from non-exchange transactions are reported according to Governmental Accounting Standards Board (GASB) Codification Section 1600.111 and Section N50 “*Accounting and Financial Reporting for Non-Exchange Transactions*.” On the accrual basis, revenues from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Measurable means the amount of the transaction can be determined. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The School considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Florida Education Finance Program (FEFP) revenues are recognized when received. A one-year availability period is used for revenue recognition for all other governmental fund revenues. When grant terms provide that the expenditure of funds is the prime factor for determining eligibility for federal, state, and other grant funds, revenue is recognized at the time the expenditure is made. Expenditures are recorded when the related fund liability is incurred, except for long-term debt principal and interest which are reported as expenditures in the year due.

Budgetary Basis of Accounting

In compliance with Florida Statutes, the Board of Directors adopts an annual budget using the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the object level (e.g., salaries, purchased services, and capital outlay) within each activity (e.g. instructional, pupil personnel services and school administration). Any revisions to the annual budget are approved by the Board.

**PARRISH CHARTER ACADEMY
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash

Cash deposits consist primarily of demand deposits included in pooled cash, held by banks which are qualified as public depositories under Florida law. Deposits on hand at financial institutions are insured by the Federal Depository Insurance Corporation (the "FDIC") and collateralized with securities held in Florida's multiple financial institution collateral pool as required by Chapter 280, Florida Statutes.

Capital Assets and Depreciation

Capital assets purchased or acquired are carried at historical cost or estimated historical cost. The School capitalization levels are \$1,000 on tangible personal property. Other costs incurred for repairs and maintenance are expensed as incurred. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the costs and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are as follows:

	Estimated Useful Lives (Years)
Improvements other than building	10
Leasehold improvements	15
Furniture, fixtures, and equipment	10
Vehicles	3 - 5

Compensated Absences

The School grants a specific number of days for sick/personal leave. Full-time office and administrative employees are eligible for up to ten days of active work during the ten-month period (a “benefit year”). Teachers are eligible for up to seven days of active work during the benefit year. In the event that available time is not used by the end of the benefit year, employees may not “rollover” all unused days for use in future benefit years. There is an opportunity for teachers to “cash out” unused days; however, teachers may only cash out if they have not used their seven eligible days by the end of the benefit year.

GASB Codification Section C60, *Accounting for Compensated Absences*, provides that compensated absences that are contingent on a specific event that is outside the control of the employer and employee should be accounted for in the period those events take place. Accordingly, these financial statements do not include an accrual for compensated days available to be used in future benefit years. The School also provides certain days to be used for specific personal matters such as family death and jury duty. Because the use of such days is contingent upon those events taking place and such events are out of the control of both the employer and the employee, there is no accrual for such days.

Government-wide Fund Net Position

Government-wide fund net position are divided into three components:

- Net investment in capital assets – consists of the historical cost capital assets less accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributable to the acquisition or improvement of those assets plus deferred outflows of resources less deferred inflows of resources. The net investment in capital assets for the year ending June 30, 2023, was \$0.
- Restricted– consists of net assets with constraints placed on their use either by external groups such as creditors, grantors, contributors, or laws or regulations of other governments less related liabilities and deferred inflows of resources. The restricted net position was \$12,787,155 at June 30, 2023, which related to the School’s lunch program.

**PARRISH CHARTER ACADEMY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide Fund Net Position (Continued)

- Unrestricted – all other net position is reported in this category

Governmental Fund Balances

In the governmental fund financial statements, fund balances are classified as follows:

- Non-spendable – fund balance associated with inventories, prepaid expenses, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned). At June 30, 2023, the School’s non-spendable fund balance was \$5,000.
- Restricted – fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. At June 30, 2023, the restricted fund balance, related to the lunch program, was \$12,787,155.
- Committed – fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School’s Board of Directors. At June 30, 2023, there is no committed fund balance.
- Assigned – fund balance classification are intended to be used by the School’s management for specific purposes but do not meet the criteria to be classified as restricted or committed. At June 30, 2023, there is no assigned fund balance.
- Unassigned – fund balance is the residual classification for the School’s general fund and includes all spendable amounts not contained in the other classifications.

Order of Fund Balance Spending Policy

The School considers restricted or unrestricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available and committed, assigned, or unassigned amounts are considered to have been spent when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

The School has a revenue spending policy that provides guidance for programs with multiple revenue sources. The finance officer will use resources in the following hierarchy: debt proceeds, federal funds, state funds, local non-city funds, city funds, and funds passed through the District. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The finance officer has the authority to deviate from this policy if it is in the best interest of the School.

Revenue Sources

Revenues for operations will be received primarily from the District School Board of Manatee County (the “School Board”) 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 Board. Under the provisions of Section 1011.62, Florida Statutes, the School Board reports the number of the full-time equivalent (FTE) students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program. Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the Florida Education Finance Program and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey periods.

**PARRISH CHARTER ACADEMY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Sources (Continued)

The School may also receive federal grant awards and State financial assistance for the enhancement of various educational programs. Federal awards and State financial assistance are generally received based on an application submitted to and approved by various granting agencies. For federal awards and state financial assistance in which a claim to these grant proceeds is based on incurring eligible expenditures, revenue is recognized to the extent that eligible expenditures have been incurred. This activity is recorded in the Special Revenue Fund and Capital Outlay Fund. Additionally, other revenues may be derived from various fundraising activities and certain other programs.

Income Taxes

Parrish Charter Academy, Inc. qualifies as a tax exempt organization under the Internal Revenue Code Section 501(c)(3), and is, therefore, exempt from income tax. Accordingly, no tax provision has been made in the accompanying financial statements. The School has evaluated its tax position for all open tax years and has not identified any uncertain tax positions prior to year ending June 30, 2019.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Subsequent Events

The School has evaluated subsequent events and transactions for potential recognition or disclosure through September 20, 2023, which is the date the financial statements were available to be issued.

NOTE 3 - CAPITAL AND RIGHT-OF-USE ASSETS

The following schedule provides a summary of changes in capital and right-of-use assets activity for the year ended June 30, 2023:

	Balance			Balance
	July 1, 2022	Additions	Disposals	June 30, 2023
Capital Assets				
Land	\$ 300,000	\$ -	\$ -	\$ 300,000
Construction in progress	292,877	9,958,366	-	10,251,243
Improvements other than building	288,909	227,893	-	516,802
Furniture, fixtures, and equipment	252,766	249,723	-	502,489
Vehicles	20,000	70,000	-	90,000
Total Capital Assets	\$ 1,154,552	\$ 10,505,982	\$ -	\$ 11,660,534
Less Accumulated Depreciation				
Improvements other than building	\$ (63,311)	\$ (35,735)	\$ -	\$ (99,046)
Furniture, fixtures, and equipment	(89,042)	(40,623)	-	(129,665)
Vehicles	(8,333)	(9,524)	-	(17,857)
Total Accumulated Depreciation	\$ (160,686)	\$ (85,882)	\$ -	\$ (246,568)
Capital Assets, net	\$ 993,866	\$ 10,420,100	\$ -	\$ 11,413,966

**PARRISH CHARTER ACADEMY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 3 - CAPITAL ASSETS (Continued)

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
Right-to-use assets				
Right-to-use asset- Facilities	\$ 6,955,272	\$ -	\$ -	\$ 6,955,272
Total right-to-use	<u>\$ 6,955,272</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,955,272</u>
Less accumulated amortization				
Right-to-use asset- Facilities	\$ (288,800)	\$ (288,800)	\$ -	\$ (577,600)
Total accumulated amortization	<u>\$ (288,800)</u>	<u>\$ (288,800)</u>	<u>\$ -</u>	<u>\$ (577,600)</u>
Right-to-use assets, net	<u>\$ 6,666,472</u>	<u>\$ (288,800)</u>	<u>\$ -</u>	<u>\$ 6,377,672</u>

For the year ended June 30, 2023, depreciation expense of \$85,882 and amortization expense of \$288,800 were allocated in the statement of activities as follows:

Operation of plant	\$ 324,535
School administration	40,623
Transportation	9,524
Total	<u>\$ 374,682</u>

During the year ended June 30, 2023, the School began construction of additional facilities through a financing arrangement. See Notes 5 and 9.

NOTE 4 – DEPOSITS POLICY AND CREDIT RISK

The School maintains its cash and cash equivalents in one financial institution. Deposits at Federal Deposit Insurance Corporation (“FDIC”) insured financial institutions are insured up to \$250,000 per depositor, per financial institution. At times during the year bank balances may have been in excess of FDIC coverage.

NOTE 5 – LONG-TERM LIABILITIES

Loans payable

The School entered into a loan agreement with Forza Education Management, LLC (“FORZA”), the School’s education service provider, to assist with start-up costs incurred from July 2018 through December 2019 for an amount up to \$274,428. The loan amount was increased and the School borrowed an additional \$450,000. The note bears interest at 6%. Interest accrues beginning September 2020 through September 2021, at which time monthly payments of principle and interest are required through September 2025, when the loan and any accrued interest must be repaid in full. The School paid off this loan through bonds issued in April 2023 (See below).

In July 2019, the School entered into a loan agreement in the amount of \$650,000, with Building Hope, Inc. (“Building Hope”) for working capital to support operations and renovations at the School’s facility. The loan bears interest at 6.5% per annum and calls for monthly payments of interest only beginning September 2019, through the maturity date of April 2023. The School paid off this loan through bonds issued in April 2023 (See below).

**PARRISH CHARTER ACADEMY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 5 – LONG-TERM LIABILITIES (Continued)

On April 28, 2022, the School entered into a loan agreement with Building Hope for up to \$4,430,000 for the acquisition of property and construction of additional facilities. During the year ended June 30, 2023, the School received proceeds of \$3,630,000 under the agreement. The loan bears interest of 6.5% per annum based on the principal amount disbursed and outstanding. Monthly payments of interest only commence on the loan date through the maturity date of April 28, 2023, at which time all outstanding principal along with any accrued shall be due and payable in full. The School paid off this loan through bonds issued in April 2023 (See below).

In 2019, the School purchased two buses from Gulf Coast Charter Academy South (“Gulf Coast”), a charter school of the District School Board of Collier County, FL, and a related party through common control, for a total of \$20,000 under two separate arrangements. During the year ended June 30, 2023, the School purchased an additional bus for \$70,000 under the same terms. The arrangements call for equal monthly non-interest bearing payments commencing August 2018 through January 2030.

Below is a summary of changes in loans payable for the year ended June 30, 2023:

	Balance			Balance at
	July 1, 2022	Borrowings	Repayments	June 30, 2023
Loan payable - FORZA	\$ 227,602	\$ 450,000	\$ (677,602)	\$ -
Loans payable - Building Hope	1,450,000	3,630,000	(5,080,000)	-
Loan payable - Gulf Coast	13,574	70,000	(6,786)	76,788
Total loans payable	<u>\$ 1,691,176</u>	<u>\$ 4,150,000</u>	<u>\$ (5,764,388)</u>	<u>\$ 76,788</u>

Future payments to be made are as follows:

Fiscal Year Ending June 30,	
2024	\$ 12,857
2025	12,857
2026	12,857
2027	12,620
2028	25,597
	<u>\$ 76,788</u>

NOTE 6 – BONDS PAYABLE

In April 2023, the School issued tax-exempt revenue bonds for \$22,140,000 (Series 2023A) and \$1,385,000 (Series 2023B). The bonds are issued by Florida Development Finance Corporation on behalf of the School and are secured by their related reserve and indenture subaccounts. The Series 2023A bond calls for interest only payments through June 30, 2025, followed by principal and interest payments through the maturity date. The Series 2022B bond calls for interest only payments through June 30, 2025, followed by principal and interest payments through the maturity date. Bonds payable at June 30, 2023 totaled \$23,525,000 as follows:

**PARRISH CHARTER ACADEMY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 6 – BONDS PAYABLE (Continued)

Bond Type	Amount Outstanding	Interest Rates (Percent)	Annual Maturity To
Florida Development Finance Corporation Educational Facilities Revenue Bonds (Parrish Charter Project) Series 2023A	\$ 22,140,000	6.25	2058
Florida Development Finance Corporation Educational Facilities Revenue Bonds (Parrish Charter Project) Series 2023B	1,385,000	8.25	2031
Total bonds payable	\$ 23,525,000		

Annual requirements to amortize all bonded debt outstanding as of June 30, 2023 are as follows:

Fiscal Year Ending June 30,	Total	Principal	Interest
2024	\$ 1,383,750	\$ -	\$ 1,383,750
2025	1,383,750	-	1,383,750
2026	1,573,750	190,000	1,383,750
2027	1,588,438	205,000	1,383,438
2028	1,608,438	225,000	1,383,438
2029 - 2033	8,322,502	1,430,000	6,892,502
2034 - 2038	8,453,750	1,975,000	6,478,750
2039 - 2043	8,445,938	2,665,000	5,780,938
2044 - 2048	8,442,812	3,605,000	4,837,812
2049 - 2053	8,449,998	4,890,000	3,559,998
2054 - 2058	9,905,171	8,340,000	1,565,171
	\$ 59,558,297	\$ 23,525,000	\$ 36,033,297

The bond payable agreement requires that the School be in compliance with certain debt covenants, including a 30 day cash on hand requirement beginning with fiscal year and June 30, 2024 and a debt service coverage ratio of at least 1.10:1.00 beginning with fiscal year end June 30, 2024. At June 30, 2023 the School's debt covenants calculations as required per the bond agreement are as follows and are for informational purposes only:

Cash on Hand	
Cash on hand general fund	\$ 1,495,879
Total expenditures total governmental funds year ending June 30, 2023	\$ 5,459,985
Less capital outlay - facilities acquisition and constructions	(319,723)
Total expenditures total governmental funds less capital outlay - facilities acquisition and constructions	\$ 5,140,262
Cash requirement (45 days) general fund at June 30, 2023	\$ 563,316
Excess cash on hand - general fund	\$ 932,563

**PARRISH CHARTER ACADEMY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 6 – BONDS PAYABLE (Continued)

The debt service coverage ratio is presented for informational purposes only for the fiscal year end June 30, 2023 below:

<u>Debt Service Coverage Ratio</u>	
Excess of expenditures over revenues	\$ 11,611,408
Plus interest	212,218
Plus principal retirement	-
Plus capital outlay - facilities acquisition and constructions	<u>10,186,259</u>
Excess of revenues over expenditures	<u><u>\$ 22,009,885</u></u>
Debt service costs for year ending June 30, 2023	
Interest	\$ 212,218
Principal retirement	-
Total debt service costs for year ending June 30, 2023	<u><u>\$ 212,218</u></u>
Debt service ratio (excess of revenues over expenditures divided by total debt service costs for year ending June 30, 2023)	103.71

NOTE 7 - MANAGEMENT STRUCTURE

All policy decisions, including the annual budget, are formulated by the Board of Directors. The Board of Directors has the powers reasonably necessary to manage, operate, maintain, and discharge the duties of the School to include adopting budgets; enter into contracts; adopt, publish, promulgate, and enforce rules and regulations; employ, on behalf of the School, managers, independent contractors, and any other employees deemed necessary; and acquire, sell, operate, lease, manage, and otherwise trade and deal with property, real and personal.

On July 16, 2018, the School entered into an agreement with Forza Education Management, L.L.C. (“FORZA”), a Florida limited liability company, to facilitate the continuation of the School by performing certain functions relating to the provision of educational services, transportation, food service, personnel management, and the administration and operation of the School in accordance with enrollment, age, and grade level specifications for the School. This agreement will be effective and remain effective through the last day of the Charter Contract and will automatically renew upon the renewal of the Charter Contract, unless written notice is provided one-hundred-eighty (180) days prior to the Charter Contract expiring. The agreement may be terminated with cause by either party upon a sixty-day notice of material breach, as defined in the contract. The Agreement will automatically renew for a period equal to the charter school agreement extension with the District, unless written notice to terminate by either party is received one-year prior to the expiration date of the agreement.

**PARRISH CHARTER ACADEMY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 7 - MANAGEMENT STRUCTURE (Continued)

FORZA shall be responsible for the following services: 1) implementation and administration of the educational program, 2) management of all personnel functions, 3) sound financial operation of the School, 4) business administration of the School, and 5) installation of necessary technology. The annual management fee for these services is 12% of all sources of gross receipts of the School excluding borrowings undertaken by the School, payable in twelve monthly installments. During the year ended June 30, 2023, the School incurred and paid management fees of \$821,264.

NOTE 8 – PROFESSIONAL SERVICES CONTRACT

The School entered into an agreement with Building Hope Services to provide accounting services to the School. The contract, renewable annually, calls for an annual fee of \$100 per student, payable in monthly installments. For the year ended June 30, 2023, the School incurred fees related to this agreement totaling \$60,907.

NOTE 9 - RELATED PARTY TRANSACTIONS

The School entered into a loan payable agreement with Gulf Coast Charter Academy South, a charter school with common board of directors and management, for the purchase of buses in prior year. See Note 5.

The School entered into a loan agreement with Forza Education Management, L.L.C. (“FORZA”), the School’s education service provider. See Notes 5 and 6.

NOTE 10 – COMMITMENTS

In August 2019, the School entered into an agreement to lease facilities from Alliance Parrish, LLC under a 25 year non-cancelable operating lease that expires July 31, 2045. There are no additional options to renew the lease. During the year ending June 30, 2023, the agreement called for an annual rent of \$445,932 payable in equal monthly installments. On August 1 each year, the annual base rent is adjusted in accordance with the agreement.

On July 1, 2021, the School implemented GASB Statement No. 87 *Leases*, and as a result recorded a lease right of use asset and liability in these financial statements for the facility lease. The School used an interest rate of 6.25% based on the average incremental borrowing rate of the School to discount the annual lease payments and recognize the intangible right to use this asset and the lease liability as of July 1, 2021. The interest expense was \$432,049 and the amortization of the right to use asset was \$288,800 for the year ended June 30, 2023.

**PARRISH CHARTER ACADEMY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 10 – COMMITMENTS (Continued)

Annual requirements to amortize the lease liability and relate interest are estimated as follows:

Fiscal Year Ended	Principal	Interest	Total	
2024	26,312	430,864	457,176	
2025	40,943	428,806	469,749	
2026	56,871	425,797	482,668	
2027	74,188	421,753	495,941	
2028	92,994	416,584	509,578	
2029-2033	807,049	1,958,912	2,765,961	(Total for 5 Year Period)
2034-2038	1,570,859	1,596,922	3,167,781	(Total for 5 Year Period)
2039-2043	2,682,099	945,877	3,627,976	(Total for 5 Year Period)
2044-2046	1,553,961	107,895	1,661,856	(Total for 3 Year Period)
	\$ 6,905,276	\$ 6,733,410	\$ 13,638,686	

Changes in long-term right-of-use liability during the year are as follows:

	Balance July 1, 2022	Additions	Decreases	Balance June 30, 2023
Right-of-use liability- Facilities	\$ 6,918,167	\$ -	\$ (12,891)	\$ 6,905,276
	\$ 6,918,167	\$ -	\$ (12,891)	\$ 6,905,276

NOTE 11 – GRANTS

In the normal course of operations, the School receives grant funds from various federal, state and local agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of these audits is not reflected in these financial statements. However, the School is of the opinion that no material liability will results from such audits.

NOTE 12 – RISK MANAGEMENT

The School is exposed to various risks of loss related to torts, thefts of, damage to and destruction of assets, errors and omissions and natural disasters for which the School carries commercial insurance. Settlement amounts have not exceeded insurance coverage in the past. In addition, there were no reductions in insurance coverage from those in the prior year. The School does not sponsor a public entity risk pool and has had no settlements that have exceeded their insurance coverage.

NOTE 13 – INTERFUND TRANSFERS

During the fiscal year 2023, the general fund and debt service fund transferred \$1,044,803 and \$14,323,018, respectively, to the capital outlay fund for the construction and expansion of the School’s facilities. At year-end, amounts due to the capital outlay fund from the debt service fund represent the capital projects reserve established at bond issuance and totaled \$10,312,275. In addition, amounts due to the general fund from the special revenue fund represent expenditures incurred by the general fund prior to the special revenue fund receiving payments from local and other agencies for the expenditures already incurred. The amounts due to and from funds are net together and not presented separately on the statement of net position.

REQUIRED SUPPLEMENTAL INFORMATION

**PARRISH CHARTER ACADEMY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET
AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023**

	General Fund		
	Original Budget	Final Budget	Actual
REVENUES			
State passed through local school district	\$ 4,191,370	\$ 5,126,944	\$ 5,126,944
Local and other revenue	115,005	1,070,859	1,070,859
TOTAL REVENUES	\$ 4,306,375	\$ 6,197,803	\$ 6,197,803
EXPENDITURES			
Instruction	\$ 1,659,620	\$ 2,306,056	\$ 2,306,056
Instructional support	240,007	291,988	291,988
Instructional related technology	-	-	-
Food services	-	-	-
General administration	90,644	95,400	95,400
School administration	327,663	493,668	493,668
Central services	51,800	64,275	64,275
School Board	12,300	65,481	65,481
Operation of plant	689,574	614,749	614,749
Fiscal services	789,577	887,225	887,225
Transportation	39,366	87,573	87,573
Administrative technology services	-	49,884	49,884
Community services	112,085	84,136	84,136
Capital Outlay:			
Other capital outlay	-	319,723	319,723
Debt service	282,000	99,827	99,827
TOTAL EXPENDITURES	\$ 4,294,636	\$ 5,459,985	\$ 5,459,985
Excess of revenues over expenditures	11,739	737,818	737,818
OTHER FINANCING SOURCES			
Loan proceeds	-	70,000	70,000
Transfers out	-	(1,044,803)	(1,044,803)
	-		
Net change in fund balance	\$ 11,739	\$ (236,985)	\$ (236,985)

See accompanying note to the required supplemental information.

**PARRISH CHARTER ACADEMY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET
AND ACTUAL – SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2023**

	Special Revenue Fund		
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
REVENUES			
Federal lunch program	\$ 30,000	\$ 101,219	\$ 101,219
Federal passed through state	548,581	88,159	88,159
Charges for services	-	46,192	46,192
TOTAL REVENUES	<u>\$ 578,581</u>	<u>\$ 235,570</u>	<u>\$ 235,570</u>
EXPENDITURES			
Instruction	\$ 548,581	\$ 88,159	\$ 88,159
Instructional support	-	-	-
Food services	30,000	147,413	147,413
TOTAL EXPENDITURES	<u>\$ 578,581</u>	<u>\$ 235,572</u>	<u>\$ 235,572</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (2)</u>	<u>\$ (2)</u>

**PARRISH CHARTER ACADEMY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET
AND ACTUAL – DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2023**

	Debt Service Fund		
	Original Budget	Final Budget	Actual
REVENUES			
Local and other revenue	\$ -	\$ -	\$ -
TOTAL REVENUES	-	-	-
EXPENDITURES			
Debt service	-	6,469,247	6,469,247
Other capital outlay	-	212,218	212,218
TOTAL EXPENDITURES	-	6,681,465	6,681,465
Change in fund balance before other financing sources	-	(6,681,465)	(6,681,465)
OTHER FINANCING SOURCES			
Proceeds from financing	-	23,525,000	23,525,000
Increase in discount	-	(145,902)	(145,902)
Transfers in	-	(14,323,018)	(14,323,018)
	-	9,056,080	9,056,080
Net change in fund balance	\$ -	\$ 2,374,615	\$ 2,374,615

See accompanying note to the required supplemental information.

**PARRISH CHARTER ACADEMY
NOTE TO REQUIRED SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE A – BUDGETARY INFORMATION

Budgetary basis of accounting

The School's annual budget is adopted for the entire operations at the combined governmental level and may be amended by the Board. The budget presented for the year ended June 30, 2023, has been prepared according to Board procedures. During the fiscal year, expenditures were controlled at the fund level.

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

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



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

Board of Directors of
Parrish Charter Academy
Parrish, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Parrish Charter Academy (the "School") 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 September 20, 2023.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

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

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

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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 20, 2023



MANAGEMENT LETTER

Board of Directors of
Parrish Charter Academy
Bonita Springs, Florida

Armando Aburto, C.P.A.
Jorge Albeirus, C.P.A.
Viviana Bruno, C.P.A.
Lisset I. Cascudo, C.P.A.
Michelle del Sol, C.F.E., C.P.A.
Elizabeth Jarvis, C.P.A.
Cristy C. Rubio, C.P.A.
Pedro L. Silva, C.P.A.
Michael Vildosola, C.P.A.

Report on the Financial Statements

We have audited the financial statements of Parrish Charter Academy (the “School”), a non-major component unit of the District School Board of Manatee County, Florida, as of and for the fiscal year ended June 30, 2023, and have issued our report thereon dated September 20, 2023.

Auditor’s Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards. Disclosures in that report, which is dated September 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. Corrections have been made to address findings and recommendations made in the preceding financial report.

Official Title

Section 10.854(1)(e)5., Rules of the Auditor General, requires that the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title and the school code assigned by the Florida Department of Education of the entity are Parrish Charter Academy and 412181.

Financial Condition and Management

Sections 10.854(1)(e)2. and 10.855(11), Rules of the Auditor General, require us to apply appropriate procedures and communicate whether or not the School has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the School did not meet 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. The financial condition assessment procedures applied in connection with our audit have led us to believe that the School's overall financial condition as of June 30, 2022 is not deteriorating.

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 do not have any such recommendations.

Transparency

Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether the School maintains on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that the School maintained on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes.

Additional Matters

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

Purpose of this Letter

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



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 20, 2023