

Mid Cape Global Academy

**A Department of Southwest Charter
Foundation, Inc.**

**(A Component Unit of the School
District of Lee County, Florida)**

**Basic Financial Statements
For the Year Ended June 30, 2024**

Mid Cape Global Academy

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Mid Cape Global Academy
Cape Coral, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Mid Cape Global Academy (the "School"), a Department of Southwest Charter Foundation, Inc. and a component unit of the School Board of Lee County, Florida, as of and for the year ended June 30, 2024, 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 and each major fund of the School, as of June 30, 2024, and the respective changes in financial position and the respective budgetary comparison for the General Fund and the Grants Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 1, the financial statements of the School are intended to present the financial position and changes in financial position of only that portion of the governmental activities and each major fund of Southwest Charter Foundation, Inc. that are attributable to the transactions of the School. They do not purport to, and do not, present fairly the financial position of Southwest Charter Foundation, Inc. as of June 30, 2024 in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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.

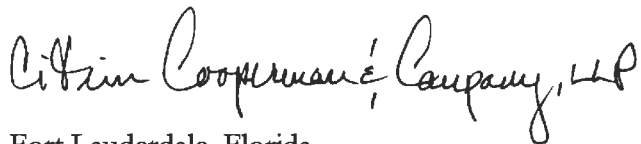
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Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 8 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 11, 2024, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.



Fort Lauderdale, Florida
September 11, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Mid Cape Global Academy (the "School"), a Department of Southwest Charter Foundation, Inc. and a component unit of the School District of Lee County, Florida (the "School District"), we offer readers of the School's basic financial statements this narrative overview and analysis of the financial activities of the School for the years ended June 30, 2024 and 2023.

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

Financial Highlights

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

- As of June 30, 2024, the School's fund balances were \$ 814,794 as compared to \$ 183,178 for the year ended June 30, 2023.
- The changes in net position at the School resulted in net position (deficit) of \$ (1,478,328) as of June 30, 2024, as compared to net position (deficit) of \$ (2,126,754) as of June 30, 2023.

Overview of the Financial Statements

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

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

The statement of net position (deficit) presents information on all of the School's assets, liabilities, and deferred inflows/outflows of resources, with the difference between the components reported as net position (deficit). 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 School's net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected revenues and services rendered, but unpaid).

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

The government-wide basic financial statements can be found on pages 9 and 10 of this report.

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

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

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

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

The School adopts an annual budget for its governmental funds except the Club and Activities Fund. A budgetary comparison statement has been provided for the General Fund, and Grants Fund to demonstrate compliance with the budget.

The governmental fund basic financial statements can be found on pages 11 through 16 of this report.

Notes to Basic Financial Statements: The notes provide additional information which is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to basic financial statements can be found on pages 17 through 26 of this report.

Government-Wide Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of financial position. In the case of the School, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$ (1,478,328) at the close of the most recent fiscal year.

**Mid Cape Global Academy
Management's Discussion and Analysis
June 30, 2024**

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

Mid Cape Global Academy Net Position (Deficit)			
	June 30, 2024	June 30, 2023	Variance
Assets:			
Current and other assets	\$ 1,591,211	\$ 1,246,145	\$ 345,066
Capital assets, net	<u>10,749,071</u>	<u>11,261,940</u>	<u>(512,869)</u>
Total assets	<u>12,340,282</u>	<u>12,508,085</u>	<u>(167,803)</u>
Liabilities:			
Current liabilities	1,423,381	1,651,948	(228,567)
Noncurrent liabilities	<u>12,395,229</u>	<u>12,982,891</u>	<u>(587,662)</u>
Total liabilities	<u>13,818,610</u>	<u>14,634,839</u>	<u>(816,229)</u>
Net Position (Deficit):			
Net investment in capital assets	(2,229,091)	(2,291,014)	61,923
Restricted	76,378	72,183	4,195
Unrestricted	<u>674,385</u>	<u>92,077</u>	<u>582,308</u>
Total net position (deficit)	<u>\$ (1,478,328)</u>	<u>\$ (2,126,754)</u>	<u>\$ 648,426</u>

Current and other assets increased mainly due to the increase in the School's cash position. Capital assets, net of depreciation, decreased mainly due to the current year depreciation expense of approximately \$724,000 offset by purchase of new assets of \$211,100. Current liabilities decreased due to the recognition of unearned revenue. Noncurrent liabilities decreased due to principal payments made on the School's lease payable.

Governmental Activities: The School's overall net position increased \$648,426 from the prior fiscal year. The reasons for this overall increase are discussed in the following section for governmental activities.

Mid Cape Global Academy Change in Net Position			
	June 30, 2024	June 30, 2023	Variance
Revenues:			
Program revenues			
Charges for services	\$ 363,240	\$ 384,484	\$ (21,244)
Operating grants and contributions	1,822,389	1,195,364	627,025
Capital grants and contributions	765,891	501,250	264,641
General revenues:			
FTE and other nonspecific revenues	7,474,085	5,891,466	1,582,619
Interest income	80,398	10,756	69,642
Contributions	-	217,130	(217,130)
Transfer out	<u>(199,903)</u>	<u>(65,413)</u>	<u>(134,490)</u>
Total revenues	<u>\$ 10,306,100</u>	<u>\$ 8,135,037</u>	<u>\$ 2,171,063</u>

**Mid Cape Global Academy
Management’s Discussion and Analysis
June 30, 2024**

Governmental Activities: (continued)

	Mid Cape Global Academy Change in Net Position continued		
	June 30, 2024	June 30, 2023	Variance
Functions/Programs:			
Instruction	\$ 3,935,341	\$ 3,516,510	\$ 418,831
Student support services	322,727	491,766	(169,039)
Instruction and curriculum developmental services	19,911	4,900	15,011
Instructional staff training services	54,995	17,245	37,750
Instruction related technology	182,183	124,880	57,303
Board services	41,615	27,481	14,134
School administration	757,444	625,759	131,685
Fiscal services	780,039	5,700	774,339
Food services	360,623	287,915	72,708
Central services	122,506	124,651	(2,145)
Transportation services	384,027	207,621	176,406
Operation of plant	1,436,872	1,536,512	(99,640)
Maintenance of plant	519,801	324,738	195,063
Community services	150,283	98,741	51,542
Extracurricular activities	136,377	95,141	41,236
Interest on long-term debt	452,930	440,032	12,898
Total expenses	<u>9,657,674</u>	<u>7,929,592</u>	<u>1,728,082</u>
Change in net position	648,426	205,445	442,981
Net position (deficit)-beginning	<u>(2,126,754)</u>	<u>(2,332,199)</u>	<u>205,445</u>
Net position (deficit)-ending	<u>\$ (1,478,328)</u>	<u>\$ (2,126,754)</u>	<u>\$ 648,426</u>

Program revenues increased primarily from ESSER III and capital improvement revenues. General revenues increased in per pupil funding from a 19% increase in students. Total expenses primarily increased due to increases in instructional expenses, school administration, fiscal, and transportation services.

Financial Analysis of Governmental Funds

The General Fund is the chief operating fund of the School. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$ 621,313, while total fund balance increased to \$ 738,416. As a measure of the General Fund’s liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total General Fund expenditures. Unassigned fund balance represents 8% of total General Fund expenditures, while total fund balance represents 9% of that same amount.

The fund balance of the School’s General Fund increased by \$ 627,421 during the current fiscal year. The increase was due to monies received from grant funding for prior year expenditures.

The Grants Fund doesn't have an increase or decrease in fund balance during the fiscal year as this fund reports federal and certain state expense reimbursement grants.

The Capital Project Fund doesn't have an increase or decrease in fund balance during the fiscal year as this fund reports state and local capital outlay funding that is used to cover a portion of interest expense.

The Club and Activities Fund had an increase by \$ 4,195 in fund balance during the current fiscal year due to an increase in fees for extracurricular activities.

Capital assets: At June 30, 2024, the School had capital assets of \$ 10,749,071, net of accumulated depreciation and amortization, invested in lease assets, leasehold improvements and computer equipment, furniture, fixture and equipment. Major capital assets additions for the year included \$ 147,135 for equipment. Additional information on the School's capital assets can be found in Note 6 of this report.

Debt: At June 30, 2024, the School had debt of \$ 12,978,162, as compared to \$ 13,552,954 at June 30, 2023. The decrease is the result of scheduled debt payments in accordance with the lease agreements. More information about the School's debt can be found in Notes 8 and 9 of this report.

General Fund Budgetary Highlights

State source revenues had a surplus to the budget due to a 19% increase of students. Local source revenues increased relative to the budget due to food services revenues. Aftercare increased early learning fees over what was budgeted. Expenditures were favorable to the budget primarily due to operation of plant.

Economic Factors and Next Year's Budget

In fiscal year 2024, the State of Florida continued to include a teacher salary increase allocation (TSIA) of \$ 1.1 billion. The capital outlay funding pool ended up at \$ 213 million. In addition to the TSIA, teachers also received a compensation increase to align overall salaries with district levels.

For fiscal year 2025, the funding for teacher salaries and other instructional personnel will be \$ 1.25 billion. Additionally, the State of Florida approved an increase to the base funding allocation and capital outlay. A 3% merit increase for all staff was included in the budget. All other expenditures are budgeted in alignment with enrollment changes and the School's strategic objectives.

Requests for Information

If you have questions about this report or need additional information, please contact Michael Valdes, Controller - School Accounting; Charter Schools USA, 800 Corporate Drive, Suite 700, Fort Lauderdale, Florida 33334.

BASIC FINANCIAL STATEMENTS

Mid Cape Global Academy
Statement of Net Position (Deficit)
June 30, 2024

	Governmental Activities
Current Assets:	
Cash and cash equivalents	\$ 1,124,785
Due from other governments	221,212
Due from management company	93,401
Due from related party	4,347
Other receivables	30,363
Prepaid items	96,003
Deposits	<u>21,100</u>
Total current assets	<u>1,591,211</u>
Noncurrent Assets:	
Capital assets (depreciable and amortizable), net of accumulated depreciation and amortization	<u>10,749,071</u>
Total assets	<u>12,340,282</u>
Current Liabilities:	
Accounts payable and accrued liabilities	146,665
Salaries and wages payable	341,079
Accrued interest payable	33,769
Due to Trustee	117,457
Due to related parties	171,216
Compensated absences	22,697
Lease payable	<u>590,498</u>
Total current liabilities	<u>1,423,381</u>
Noncurrent Liabilities:	
Compensated absences	7,565
Lease payable	<u>12,387,664</u>
Total noncurrent liabilities	<u>12,395,229</u>
Total liabilities	<u>13,818,610</u>
Net Position (Deficit):	
Net investment in capital assets	(2,229,091)
Restricted for extracurricular activities	76,378
Unrestricted	<u>674,385</u>
Total net position (deficit)	<u>\$ (1,478,328)</u>

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

**Mid Cape Global Academy
Statement of Activities
For the Year Ended June 30, 2024**

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Governmental</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Activities Net Revenue (Expense) and Change in Net Position (Deficit)</u>
Functions/Programs:					
Instruction	\$ 3,935,341	\$ -	\$ 776,419	\$ -	\$ (3,158,922)
Student support services	322,727	-	26,135	-	(296,592)
Instruction and curriculum development services	19,911	-	-	-	(19,911)
Instructional staff training services	54,995	-	13,765	-	(41,230)
Instruction related technology	182,183	-	-	-	(182,183)
Board	41,615	-	-	-	(41,615)
School administration	757,444	-	6,989	-	(750,455)
Fiscal services	780,039	-	-	-	(780,039)
Food services	360,623	38,243	372,621	-	50,241
Central services	122,506	-	-	-	(122,506)
Transportation services	384,027	-	97,948	-	(286,079)
Operation of plant	1,436,872	-	151,831	346,730	(938,311)
Maintenance of plant	519,801	-	-	-	(519,801)
Community services	150,283	324,997	238,453	-	413,167
Extracurricular activities	136,377	-	138,228	-	1,851
Interest on long-term debt	452,930	-	-	419,161	(33,769)
Total governmental activities	\$ <u>9,657,674</u>	\$ <u>363,240</u>	\$ <u>1,822,389</u>	\$ <u>765,891</u>	<u>(6,706,154)</u>
General revenues:					
FTE and other nonspecific revenues					7,474,085
Interest income					80,398
Transfer out					<u>(199,903)</u>
Total general revenues and transfers					<u>7,354,580</u>
Change in net position					648,426
Net position (deficit), July 1, 2023					<u>(2,126,754)</u>
Net position (deficit), June 30, 2024					\$ <u>(1,478,328)</u>

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

**Mid Cape Global Academy
Balance Sheet - Governmental Funds
June 30, 2024**

	<u>General Fund</u>	<u>Grants Fund</u>	<u>Capital Projects Fund</u>	<u>Club and Activities Fund</u>	<u>Total</u>
Assets:					
Cash and cash equivalents	\$ 1,032,110	\$ -	\$ -	\$ 92,675	\$ 1,124,785
Due from other governments	-	167,292	53,920	-	221,212
Due from management company	93,401	-	-	-	93,401
Due from related party	4,347	-	-	-	4,347
Due from other funds	237,509	-	-	-	237,509
Other receivables	30,363	-	-	-	30,363
Prepaid items	96,003	-	-	-	96,003
Deposits	21,100	-	-	-	21,100
	<u>1,514,833</u>	<u>167,292</u>	<u>53,920</u>	<u>92,675</u>	<u>1,828,720</u>
Total assets	<u>\$ 1,514,833</u>	<u>\$ 167,292</u>	<u>\$ 53,920</u>	<u>\$ 92,675</u>	<u>\$ 1,828,720</u>
Liabilities:					
Accounts payable and accrued liabilities	\$ 146,665	\$ -	\$ -	\$ -	\$ 146,665
Salaries and wages payable	341,079	-	-	-	341,079
Due to Trustee	117,457	-	-	-	117,457
Due to related parties	171,216	-	-	-	171,216
Due to other funds	-	167,292	53,920	16,297	237,509
	<u>776,417</u>	<u>167,292</u>	<u>53,920</u>	<u>16,297</u>	<u>1,013,926</u>
Total liabilities	<u>776,417</u>	<u>167,292</u>	<u>53,920</u>	<u>16,297</u>	<u>1,013,926</u>
Fund Balances:					
Nonspendable:					
Prepaid items	96,003	-	-	-	96,003
Deposits	21,100	-	-	-	21,100
Restricted for extracurricular activities	-	-	-	76,378	76,378
Unassigned	621,313	-	-	-	621,313
	<u>738,416</u>	<u>-</u>	<u>-</u>	<u>76,378</u>	<u>814,794</u>
Total fund balances	<u>738,416</u>	<u>-</u>	<u>-</u>	<u>76,378</u>	<u>814,794</u>
Total liabilities and fund balances	<u>\$ 1,514,833</u>	<u>\$ 167,292</u>	<u>\$ 53,920</u>	<u>\$ 92,675</u>	<u>\$ 1,828,720</u>

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

**Mid Cape Global Academy
 Reconciliation of the Balance Sheet of Governmental Funds
 to the Statement of Net Position (Deficit)
 June 30, 2024**

Total Fund Balances - Governmental Funds \$ 814,794

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

The cost of capital assets acquired is reported as an expenditure in the governmental fund statements. The statement of net position (deficit) includes those capital assets, net of accumulated depreciation and amortization, among the assets of the School as a whole.

Cost of capital assets	\$	20,524,524	
Accumulated depreciation and amortization		<u>(9,775,453)</u>	10,749,071

Liabilities not payable with current available resources are not reported as fund liabilities in the governmental fund statements. All liabilities, both current and long-term are reported in the government-wide statements.

Compensated absences	\$	(30,262)	
Accrued interest payable		(33,769)	
Lease payable		<u>(12,978,162)</u>	<u>(13,042,193)</u>

Net Position (Deficit) of Governmental Activities \$ (1,478,328)

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

**Mid Cape Global Academy
Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2024**

	<u>General Fund</u>	<u>Grants Fund</u>	<u>Capital Projects Fund</u>	<u>Club and Activities Fund</u>	<u>Total</u>
Revenues:					
Federal sources	\$ -	\$ 1,230,709	\$ -	\$ -	\$ 1,230,709
State sources	7,614,337	3,094	526,369	-	8,143,800
Local sources	109,896	-	239,522	138,228	487,646
Aftercare	563,450	-	-	-	563,450
Interest income	78,054	-	-	2,344	80,398
	<u>8,365,737</u>	<u>1,233,803</u>	<u>765,891</u>	<u>140,572</u>	<u>10,506,003</u>
Expenditures:					
Current:					
Instruction	3,304,964	405,716	-	-	3,710,680
Student support services	296,592	26,135	-	-	322,727
Instruction and curriculum development services	19,911	-	-	-	19,911
Instructional staff training services	41,230	13,765	-	-	54,995
Instruction related technology	182,183	-	-	-	182,183
Board	41,615	-	-	-	41,615
School administration	750,455	6,989	-	-	757,444
Fiscal services	780,039	-	-	-	780,039
Food services	-	372,621	-	-	372,621
Central services	122,506	-	-	-	122,506
Transportation services	384,027	-	-	-	384,027
Operation of plant	490,933	76,515	346,730	-	914,178
Maintenance of plant	519,801	-	-	-	519,801
Community services	146,412	3,871	-	-	150,283
Extracurricular activities	-	-	-	136,377	136,377
Capital outlay	169,692	41,452	-	-	211,144
Debt service:					
Principal	574,792	-	-	-	574,792
Interest	-	-	419,161	-	419,161
	<u>7,825,152</u>	<u>947,064</u>	<u>765,891</u>	<u>136,377</u>	<u>9,674,484</u>
Excess (deficiency) of revenues over (under) expenditures	<u>540,585</u>	<u>286,739</u>	<u>-</u>	<u>4,195</u>	<u>831,519</u>
Other Financing Sources (Uses):					
Transfer out	(199,903)	(286,739)	-	-	(486,642)
Transfers in	286,739	-	-	-	286,739
	<u>86,836</u>	<u>(286,739)</u>	<u>-</u>	<u>-</u>	<u>(199,903)</u>
Net change in fund balances	627,421	-	-	4,195	631,616
Fund Balances, July 1, 2023	<u>110,995</u>	<u>-</u>	<u>-</u>	<u>72,183</u>	<u>183,178</u>
Fund Balances, June 30, 2024	<u>\$ 738,416</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 76,378</u>	<u>\$ 814,794</u>

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

**Mid Cape Global Academy
Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances
of the Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2024**

Net Change in Fund Balances - Governmental Funds \$ 631,616

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

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

Cost of capital assets	\$ 211,144	
Provision for depreciation and amortization	<u>(724,013)</u>	(512,869)

Principal payments on long-term debt are reported as expenditures in the governmental funds, but as a reduction of long-term liabilities in the statement of net position. 574,792

Certain items reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Change in compensated absences	\$ (11,344)	
Change in accrued interest payable	<u>(33,769)</u>	<u>(45,113)</u>

Change in Net Position of Governmental Activities \$ 648,426

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

**Mid Cape Global Academy
Statement of Revenues and Expenditures -
Budget and Actual - General Fund
For the Year Ended June 30, 2024**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
State sources	\$ 7,282,341	\$ 7,282,341	\$ 7,614,337	\$ 331,996
Local sources	30,978	30,978	109,896	78,918
Aftercare	375,021	375,021	563,450	188,429
Interest income	6,191	6,191	78,054	71,863
Total revenues	<u>7,694,531</u>	<u>7,694,531</u>	<u>8,365,737</u>	<u>671,206</u>
Expenditures:				
Current:				
Instruction	3,008,772	3,008,772	3,304,964	(296,192)
Student support services	277,980	277,980	296,592	(18,612)
Instruction and curriculum development services	5,000	5,000	19,911	(14,911)
Instructional staff training services	13,620	13,620	41,230	(27,610)
Instruction related technology	165,235	165,235	182,183	(16,948)
Board	18,113	18,113	41,615	(23,502)
School administration	835,603	835,603	750,455	85,148
Fiscal services	782,602	782,602	780,039	2,563
Central services	151,618	151,618	122,506	29,112
Transportation services	410,733	410,733	384,027	26,706
Operation of plant	882,975	882,975	490,933	392,042
Maintenance of plant	483,485	483,485	519,801	(36,316)
Community services	91,904	91,904	146,412	(54,508)
Capital outlay	312,000	312,000	169,692	142,308
Debt service:				
Principal	596,235	596,235	574,792	21,443
Interest	127,807	127,807	-	127,807
Total expenditures	<u>8,163,682</u>	<u>8,163,682</u>	<u>7,825,152</u>	<u>338,530</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(469,151)</u>	<u>(469,151)</u>	<u>540,585</u>	<u>1,009,736</u>
Other Financing Sources (Uses):				
Transfers out	-	-	(199,903)	(199,903)
Transfers in	626,245	626,245	286,739	(339,506)
Total other financing sources (uses)	<u>626,245</u>	<u>626,245</u>	<u>86,836</u>	<u>(539,409)</u>
Net change in fund balance	<u>\$ 157,094</u>	<u>\$ 157,094</u>	<u>\$ 627,421</u>	<u>\$ 470,327</u>

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

**Mid Cape Global Academy
Statement of Revenues and Expenditures -
Budget and Actual - Grants Fund
For the Year Ended June 30, 2024**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Federal sources:				
National School Lunch Program	\$ 330,268	\$ 330,268	\$ 412,598	\$ 82,330
Title II	-	-	10,678	10,678
Title IV	5,324	5,324	24,403	19,079
ESSER II	-	-	3,139	3,139
ESSER III	501,612	501,612	779,891	278,279
State sources:				
National School Lunch Program	-	-	3,094	3,094
Total revenues	<u>837,204</u>	<u>837,204</u>	<u>1,233,803</u>	<u>396,599</u>
Expenditures:				
Current:				
Instruction	421,220	421,220	405,716	15,504
Student support services	53,954	53,954	26,135	27,819
Instructional staff training services	-	-	13,765	(13,765)
School administration	31,762	31,762	6,989	24,773
Food services	321,616	321,616	372,621	(51,005)
Operation of plant	8,652	8,652	76,515	(67,863)
Community services	-	-	3,871	(3,871)
Capital outlay	-	-	41,452	(41,452)
Total expenditures	<u>837,204</u>	<u>837,204</u>	<u>947,064</u>	<u>(109,860)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>286,739</u>	<u>286,739</u>
Other Financing Sources (Uses):				
Transfers out	<u>-</u>	<u>-</u>	<u>(286,739)</u>	<u>(286,739)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

Note 1 - Organization and Operations

The Southwest Charter Foundation, Inc. (the "Foundation") was organized in September 2001 as a Florida nonprofit corporation. Mid Cape Global Academy (the "School") is a Department of the Foundation and is established as a charter school for students from kindergarten through eighth grade in Lee County. There were 885 students enrolled for the 2023/2024 school year which includes pre-K.

The basic financial statements of Mid Cape Global Academy, a Department of the Foundation and component unit of the School District of Lee County, Florida, present only the balances, activity, and disclosures related to the School. The basic financial statements do not purport to, and do not, present fairly the financial position of the Foundation as of June 30, 2024, and its changes in financial position or budgetary comparisons, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The School's basic financial statements do not include the activity or accounts of the Lee County Community Charter Schools, LLC (Note 8), an entity created to fund the purchase of the facility housing the School's operations. Accordingly, these basic financial statements only include balances, activity and disclosures related to the School.

Note 2 - Summary of Significant Accounting Policies

Reporting entity: The School operates under a charter granted by the sponsoring School District, the Lee County School District. The current charter is effective until June 2033 and may be renewed in increments of five years by mutual written agreement between the School and the School District. At the end of the term of the charter, the School District may choose not to renew the charter under grounds specified in the charter in which case the School District is required to notify the School in writing at least ninety days prior to the charter's expiration. During the term of the charter, the School District may also terminate the charter if good cause is shown. The School is considered a component unit of the Lee County School District.

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

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

Basis of presentation: The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

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

Note 2 - Summary of Significant Accounting Policies (continued)

Government-wide financial statements are prepared using the economic resources measurement focus. The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the School's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are thereby clearly identifiable to a particular function.

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

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

The School's major governmental funds are as follows:

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

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

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

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

During the course of operations, the School has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due from/to other funds. While these balances are reported in the governmental fund financial statements, they are eliminated in the preparation of the government-wide financial statements.

Basis of accounting: Basis of accounting refers to when revenues and expenditures, or expenses, are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements are prepared using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of the related cash flows.

Note 2 - Summary of Significant Accounting Policies (continued)

Governmental fund financial statements are prepared using the modified accrual basis of accounting. Revenues are recognized when they become measurable and available. Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The School considers revenues to be available if they are collected within one hundred twenty days of the end of the current period. Under the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized when due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under leases are reported as other financing sources.

Cash and cash equivalents: The School considers all demand accounts and short-term investments with a maturity of three months or less when purchased to be cash and cash equivalents. The School maintains its cash accounts with one financial institution. The School's accounts at this institution, at times, may exceed the federal insured limit; however, the School is covered by Chapter 280 of the Florida Statutes (Note 3).

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

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

Income taxes: The School is a department of a nonprofit corporation. Revenue of the School is derived primarily from other governmental entities. The School is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in these basic financial statements.

Capital assets: Property and equipment purchased or acquired are capitalized at historical cost or estimated historical cost. Capital assets are defined by the School as assets with an initial cost equal to or greater than \$ 750 and useful life of over one year. Donated property and equipment assets are reported at acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized and depreciated over the remaining useful lives of the related fixed assets. Other costs incurred for repairs and maintenance are expensed as incurred.

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

Improvements other than building	10 years
Computer equipment	3 years
Furniture, fixtures and equipment	5 years

The School has recorded a right to use lease asset as required by GAAP. The right to use asset is initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use asset is amortized on a straight-line basis over the life of the related lease.

Note 2 - Summary of Significant Accounting Policies (continued)

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

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

Unearned revenue: Unearned revenue arises when the School receives resources before it has a legal claim to them.

Compensated absences: The School's policy permits employees to accumulate earned but unused paid time off, which is eligible for payment upon separation from service. The liability for such leave is reported as incurred in the government-wide financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable. Payments for compensated absences are generally paid out of the General Fund.

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

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

When both restricted and unrestricted resources are available for use, it is the School's policy to use restricted resources first, then, unrestricted resources as they are needed.

Fund balance: The governmental fund financial statements present fund balances based on the provisions of GAAP which provides clearly defined fund balance classifications and also sets a hierarchy which details how the School may spend funds based on certain constraints. The following are the fund balance classifications used in the governmental fund financial statements:

- Nonspendable - this classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The School classifies inventories, prepaid items, long-term notes receivable and deposits as nonspendable since they are not expected to be converted to cash or are not expected to be converted to cash within the next year.

Note 2 - Summary of Significant Accounting Policies (continued)

- Restricted - this classification includes amounts that are restricted for specific purposes by external parties such as grantors and creditors or are imposed by law through constitutional provisions or enabling legislation.
- Committed - this classification includes amounts that can be used for specific purposes voted on through formal action of the Board of Directors (the highest level of decision making authority). The committed amount cannot be used for any other purpose unless the Board of Directors removes or changes the commitment through formal action.
- Assigned - this classification includes amounts that the Board of Directors intends to use for a specific purpose but they are neither restricted nor committed. The School classifies existing fund balance to be used in the subsequent year's budget for elimination of a deficit as assigned.
- Unassigned - this classification includes amounts that have not been restricted, committed or assigned for a specific purpose within the General Fund.

The details of the fund balances are included in the Governmental Fund Balance Sheet on page 11.

When the School incurs expenditures for which restricted fund balance is available, the School would consider restricted funds to be spent first. When the School has expenditures for which committed, assigned or unassigned fund balance is available, the School would consider committed funds to be spent first, then assigned funds and lastly unassigned funds.

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

Budget: An operating budget is adopted and maintained by the governing board for all governmental funds, except the Club and Activities Fund, pursuant to the requirements of Florida Statutes. The budget is adopted using the same basis of accounting that is used in the preparation of the basic financial statements.

Date of management review: Subsequent events were evaluated through September 11, 2024, which is the date the financial statements were available to be issued.

Note 3 - Cash and Cash Equivalents

At June 30, 2024, the School's carrying amount of cash totaled \$ 1,124,785 and a bank balance of \$ 1,138,502.

Note 3 - Cash and Cash Equivalents (continued)

State statutes require, and it is the School’s policy, that all deposits be made into, and be held by, financial institutions designated by the Treasurer of the State of Florida as qualified public depositories as defined by Chapter 280 of the Florida Statutes. This statute requires that every qualified public depository institution maintain eligible collateral to secure the public entity’s funds. The minimum collateral to be pledged by an institution, the collateral eligible for pledge, and reporting requirements of the qualified public depositor to the treasurer is defined by the statute. Collateral is pooled in a multiple qualified public depository institution pool with the ability to assess members of the pool should the need arise. The School’s deposits of \$ 888,502 in excess of the federal insured level of \$ 250,000 are held in a qualified public depository and are covered by the collateral pool because the School has identified itself as a public entity.

Note 4 - Interfund Receivables and Payables and Interfund Transfers

The composition of interfund balances as of June 30, 2024 is as follows:

Due To/From Other Funds			Amount
Receivable Fund	Payable Fund		
General Fund	Club and Activities Fund	\$	16,297
General Fund	Capital Projects Fund		53,920
General Fund	Grants Fund		167,292
		\$	237,509

The outstanding balances between funds results mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

The composition of interfund transfers for the year ended June 30, 2024 is as follows:

	Transfers In	
	General	
	Fund	
Transfers Out:		
Grants Fund	\$	286,739

During the year, transfers were used to move grant revenue received in the current year for prior year expenditures to the General Fund.

Note 5 - Due To Trustee

Due to Trustee at June 30, 2024 consists of amounts due to the Trustee for advances from the Series 2007 Bond Repair and Replacement Account (Note 8).

Mid Cape Global Academy
Notes to Basic Financial Statements
June 30, 2024

Note 6 - Capital Assets

Capital asset balances and activity for the year ended June 30, 2024 are as follows:

	Balance at July 1, 2023	Additions	Transfer	Balance at June 30, 2024
Capital assets being depreciated/ amortized:				
Improvements other than building	\$ 523,443	\$ 64,009	\$ 202,000	\$ 789,452
Furniture, fixtures and equipment	386,625	31,365	-	417,990
Computer equipment	1,479,569	115,770	-	1,595,339
Lease assets:				
Building	17,721,743	-	-	17,721,743
Improvements other than building	202,000	-	(202,000)	-
Total capital assets being depreciated/amortized	20,313,380	211,144	-	20,524,524
Accumulated depreciation/ amortization:				
Improvements other than building	212,042	47,452	116,150	375,644
Furniture, fixtures and equipment	301,318	26,833	-	328,151
Computer equipment	1,242,671	186,484	-	1,429,155
Lease assets:				
Building	7,199,459	443,044	-	7,642,503
Improvements other than building	95,950	20,200	(116,150)	-
Total accumulated depreciation/ amortization	9,051,440	724,013	-	9,775,453
Net capital assets being depreciated/amortized	\$ 11,261,940	\$ (512,869)	\$ -	\$ 10,749,071

Provision for depreciation and amortization was charged to governmental activities as follows:

Instruction	\$ 213,317
Operation of plant	510,696
	<u>\$ 724,013</u>

Note 7 - Due From/To Related Parties

The School is a Department of the Foundation. The due from/to balances represent amounts that are due from/to Foundation and other schools that share common board membership and are departments of the Foundation and are expected to be repaid within one year.

Note 8 - Lease Payable

In 2007, the Lee County Industrial Development Authority (the "Authority") issued \$ 80,520,000 in Tax Exempt Industrial Development Revenue Bonds, Series 2007A and \$ 1,645,000 in Taxable Industrial Development Revenue Bonds, Series 2007B pursuant to an indenture of trust between the Authority and a trustee to make a loan to Lee County Community Charter Schools, LLC (the "LLC") to finance the acquisition of the facilities of four charter schools under the Lee Charter Foundation, Inc. (the "Foundation").

Note 8 - Lease Payable (continued)

Pursuant to a loan agreement, the Authority loaned the proceeds of the Bonds to the LLC. In order to secure the payment of the principal and interest on the Bonds, the Authority assigned all of its rights and interest in the loan agreement to the trustee. The Bonds are payable from and secured by a lien upon and pledge of payments to be received by the trustee.

The School leases its facility from the LLC. The lease payments and term of the lease are based on the debt service requirements of the bonds. These payments are made from revenues received from the School District of Lee County for the operation of the schools. The Foundation is obligated under the indenture to deposit all revenues received from the School District and additional revenues, if any, directly with the trustee during the term of the lease. The payments are applied by the trustee to make sinking fund payments and pay for operating expenses. This lease agreement was amended and restated upon the closing of a supplemental bond issuance. The lease is through 2069 and requires monthly interest and principal payments through June 2037.

Future minimum payments at June 30, 2024 on the lease are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 590,498	\$ 400,345	\$ 990,843
2026	609,882	380,537	990,419
2027	630,650	359,694	990,344
2028	901,580	337,550	1,239,130
2029	925,118	313,698	1,238,816
2030-2034	5,215,781	1,162,364	6,378,145
2035-2037	4,104,653	305,809	4,410,462
	<u>\$ 12,978,162</u>	<u>\$ 3,259,997</u>	<u>\$ 16,238,159</u>

Note 9 - Long-Term Liabilities

Changes in the School’s long-term liabilities for the fiscal year ended June 30, 2024 are as follows:

	<u>Balance July 1, 2023</u>	<u>Increases</u>	<u>Deletions</u>	<u>Balance June 30, 2024</u>	<u>Amount Due Within One Year</u>
Lease - building	\$ 13,549,276	\$ -	\$ 571,114	\$ 12,978,162	\$ 590,498
Lease - leasehold improvements	3,678	-	3,678	-	-
Compensated absences	18,918	123,019	111,675	30,262	22,697
	<u>\$ 13,571,872</u>	<u>\$ 123,019</u>	<u>\$ 686,467</u>	<u>\$ 13,008,424</u>	<u>\$ 613,195</u>

Note 10 - Employee Benefit Plan

During the year ended June 30, 2024, the School offered all of its full-time employees who had attained 21 years of age, a retirement plan (the "Plan") under Internal Revenue Code Section 401(k). The employee is allowed to contribute up to a maximum of 100% of his/her annual gross compensation, subject to certain limitations. The Plan provides for a discretionary employer matching contribution of the participant's annual elective deferral to the Plan. As determined annually by the School's management, the School may also make a discretionary profit-sharing contribution, which is allocated among the participants based on a pro rata formula. Participants are immediately vested in their own contributions and earnings on those contributions. Participants become vested in School contributions and earnings on School contributions according to the following schedule:

<u>Years of Service</u>	<u>Vesting Percentage</u>
1	25%
2	50%
3	75%
4	100%

Nonvested contributions are forfeited upon termination of employment and such forfeitures are used to reduce any employer contribution. For the Plan year ending December 31, 2023, the School had forfeitures of \$ 419. For the year ended June 30, 2024, the School contributed a matching amount of \$ 17,398.

Note 11 - Commitments

Management agreement: The School has a formal agreement through June 2033 with Charter Schools USA at Cape Coral, LC, a wholly owned subsidiary of Charter Schools USA, Inc. ("CSUSA") to manage, staff, and operate the School. The agreement states that CSUSA will receive cost reimbursements and management fees (the "fee") for its services, subject to availability of funds. The fee ranges from \$ 1,084,761 in 2025 to \$ 2,162,439 in 2038 as defined in the agreement or the budgeted amount approved by the Board of Directors based on enrollment and School performance. Total cost reimbursements and management fees amounted to \$ 772,841 for the year ended June 30, 2024.

The financial statements reflect a due from management company of \$ 93,401 at June 30, 2024.

Post-employment benefits: The School does not provide post-employment benefits to retired employees.

Note 12 - Risk Management

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

As disclosed in Note 11, CSUSA employs all of the employees of the School. As a result, the School is not exposed to medical or workers' compensation claims for these individuals. In addition, CSUSA carries all required insurance including, but not limited to, general liability and errors and omissions insurance.

Note 13 - Capital Appropriations Funding

The Florida Department of Education has approved a Charter School Capital Outlay (“CSCO”) award for the School. In each year that funds are appropriated by the state for charter school capital outlay purposes those funds are allocated among eligible charter schools. The funds for the School’s allocation are transferred to the School once a CSCO Plan has been provided to and approved by the sponsoring district. The School’s CSCO Award totaled \$ 526,369 for the 2023/2024 school year which has been recognized as revenue in the accompanying basic financial statements. If the CSCO funds are used to acquire tangible property assets, the School District has a reversionary interest in those assets. In the event of nonrenewal, termination, or breach of the charter school agreement, ownership of the assets would automatically revert to the School District. The School has elected to use these funds to pay interest expense of the lease of the facility and for operation of plant.

Local Capital Improvement Revenue (“LCIR”) funds are also appropriated by the School Board for charter school capital outlay purposes, with funds being allocated among eligible charter schools in a similar manner to the CSCO award. The School’s LCIR Award totaled \$ 239,522 for the 2023/2024 school year which has been recognized as revenue in the accompanying financial statements.

Note 14 - Transfer Out

In 2007, a majority of the schools governed by the Foundation were involved in a bond issuance for the financing and acquisition of facilities for the schools to occupy (Note 8). The schools pay amounts under the indenture of trust which are considered their portion of the principal and interest payments on the Bonds. There is a “Transfer Out” of \$ 199,903 in the statement of activities and the statement of revenues, expenditures and change in fund balance. At year-end, based on student enrollment, debt service payments are reallocated through a “Transfer In/Out” to the other schools that are part of the Lee County Community Charter Schools, LLC.

**OTHER INDEPENDENT
AUDITOR'S REPORTS**

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

To the Board of Directors
Mid Cape Global Academy
Cape Coral, 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 Mid Cape Global Academy (the "School"), a Department of Southwest Charter Foundation, Inc. and a component unit of the School Board of Lee County, Florida, as of and for the year ended June 30, 2024, 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 11, 2024.

Report on Internal Control over Financial Reporting

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

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

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

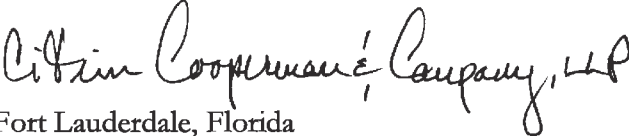
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Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School'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 School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Fort Lauderdale, Florida
September 11, 2024

MANAGEMENT LETTER REQUIRED BY CHAPTER 10.850 OF THE RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

To the Board of Directors
Mid Cape Global Academy
Cape Coral, Florida

Report on the Financial Statements

We have audited the financial statements of Mid Cape Global Academy, Florida, (the "School"), as of and for the fiscal year ended June 30, 2024, and have issued our report thereon dated September 11, 2024.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated September 11, 2024, 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 financial audit report. There were no findings or recommendations made in the preceding financial audit 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 Mid Cape Global Academy and 364111.

Financial Condition and Management

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

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

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

Transparency

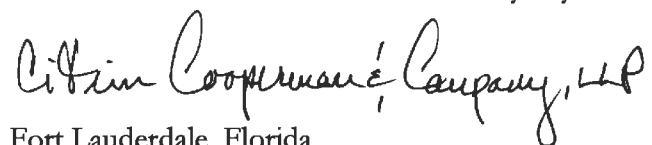
Section 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether the School maintained on its website the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with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

Additional Matters

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

Purpose of this Letter

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



Fort Lauderdale, Florida
September 11, 2024