

FINANCIAL STATEMENTS
ENVISION SCIENCE ACADEMY, INC.
WAKE FOREST, NORTH CAROLINA
JUNE 30, 2021

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PM&P

**PETWAY
MILLS &
PEARSON, PA**

CERTIFIED PUBLIC ACCOUNTANTS

C. Briggs Petway, Jr.
Phyllis M. Pearson

Zebulon Office
P.O. Box 1036
806 N. Arendell Ave.
Zebulon, NC 27597
919.269.7405
919.269.8728 Fax

Raleigh Office
9121 Anson Way
Suite 200
Raleigh, NC 27615
919.781.1047

www.pmpcpa.com

Independent Auditors' Report

To the Board of Directors
Envision Science Academy, Inc.
Wake Forest, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Envision Science Academy, Inc. as of June 30, 2021, and the related notes to the financial statements, which collectively comprise Envision Science Academy, Inc.'s basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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 Envision Science Academy, Inc. as of June 30, 2021, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 7 through 13 be presented to supplement the basic financial statements. Such information, although not a part of

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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.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Envision Science Academy, Inc.'s basic financial statements. The individual fund financial statements and budgetary schedule, as well as the accompanying Schedule of Expenditures of Federal and State Award, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the State Single Audit Implementation Act are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual fund financial statements and the budgetary schedule, as well as the accompanying Schedule of Expenditures of Federal and State Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund financial statements and the budgetary schedule, and the accompanying Schedule of Expenditures of Federal and State Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 18, 2021 on our consideration of Envision Science Academy, Inc.'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 the 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 Envision Science Academy, Inc.'s internal control over financial reporting and compliance.

Petway Mills & Pearson, PA

PETWAY MILLS & PEARSON, PA
Certified Public Accountants
Zebulon, North Carolina

October 18, 2021

Management Discussion and Analysis
Envision Science Academy
June 30, 2021

As management of Envision Science Academy (“the School”), we provide these financial statements and this narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2021. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the School’s financial statements, which follow this narrative.

Financial Highlights

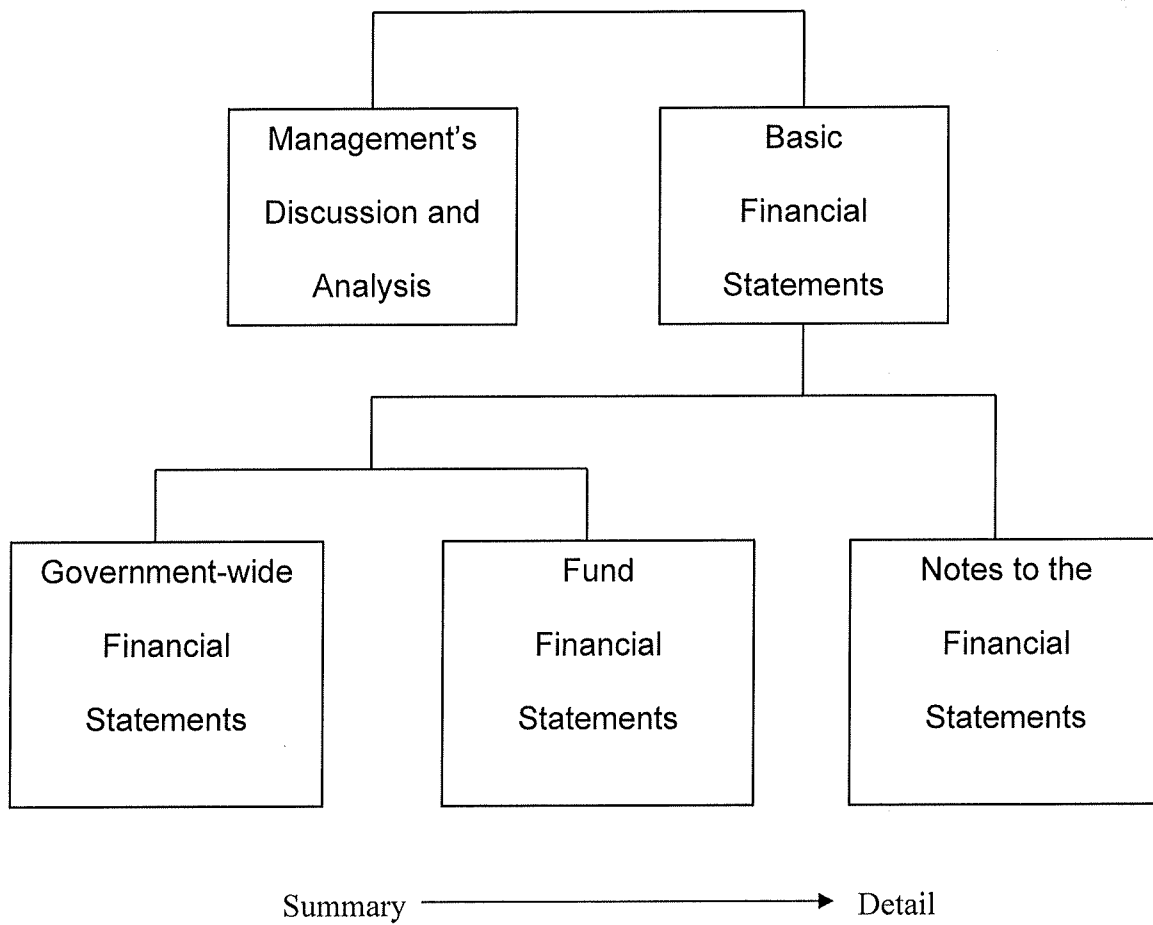
- The assets of Envision Science Academy exceeded its liabilities at the close of the fiscal year by \$309,111 (net position).
- The government’s total net position increased by \$425,981, which was driven by governmental activities including an increase in net capital assets and a decrease in bonds payable.
- As of the close of the current fiscal year, the School’s governmental funds reported combined ending fund balances of \$2,869,793, an increase of \$401,654 in comparison with the prior year.
- Enrollment increased with an average daily membership of 740 students for the year ended June 30, 2021, as compared to 722 students for the year ended June 30, 2020.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Envision Science Academy’s basic financial statements. The School’s basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the School through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader’s understanding of the financial condition of Envision Science Academy.

Required Components of Annual Financial Report

Figure 1



Management Discussion and Analysis
Envision Science Academy
June 30, 2021

Basic Financial Statements

The first two statements (Exhibits 1 and 2) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the School's financial status.

The next statements (Exhibits 3 through 5) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the School's government. These statements provide more detail than the government-wide statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the School's individual funds. Budgetary information for the School also can be found in this section of the statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the School's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the School's financial status as a whole.

The two government-wide statements report the School's net position and how it has changed. Net position is the difference between the School's total assets and total liabilities. Measuring net position is one way to gauge the School's financial condition.

The government-wide statements are divided into two categories: 1) governmental activities; and 2) business-type activities. The governmental activities include most of the School's basic functions such as instructional services and business services. State, county, and federal funds provide virtually all of the funding for these functions. The business-type activities are those services for which the School charges its students and other customers to provide.

The government-wide financial statements are on Exhibits 1 and 2 of this report.

Fund Financial Statements

The fund financial statements provide a more detailed look at the School's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Envision Science Academy, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the School's budget ordinance. All of the funds of Envision Science Academy can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the School's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called

Management Discussion and Analysis
Envision Science Academy
June 30, 2021

modified accrual accounting that provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the School's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

Envision Science Academy adopts an annual budget for each of its funds, although it is not required to do so by the General Statutes. Because the budget is not legally required by the Statutes, the budgetary comparison statements are not included in the basic financial statements, but are part of the supplemental statements and schedules that follow the notes. The budget is a legally adopted document that incorporates input from the faculty, management, and the Board of Directors of the School in determining what activities will be pursued and what services will be provided by the School during the year. It also authorizes the School to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the funds demonstrates how well the School has complied with the budget ordinance and whether or not the School has succeeded in providing the services as planned when the budget was adopted.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 19 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as one useful indicator of a school's financial condition. The assets of Envision Science Academy exceeded liabilities by \$309,111 as of June 30, 2021. As of June 30, 2020, the net position of the School stood at (\$116,870). The School's net position increased by \$425,981 for the fiscal year ended June 30, 2021, compared to an increase of \$579,695 in 2020. A large portion (\$1,531,879) reflects the School's investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt still outstanding that was issued to acquire those items. \$935,255 is restricted for bond obligation. The remaining balance of \$905,735 is unrestricted.

Management Discussion and Analysis
Envision Science Academy
June 30, 2021

The Envision Science Academy's Net Position

Figure 2

	Governmental Activities	
	2021	2020
Current and other assets	\$ 1,901,116	\$ 1,397,607
Restricted Cash Bonds	935,255	896,434
Accounts Receivable	26,019	159,170
Prepaid Expense	10,422	14,928
Capital Assets (net of depreciation)	8,587,866	8,795,120
Total assets	<u>\$ 11,460,678</u>	<u>\$ 11,263,259</u>
Current liabilities	3,019	-
Accrued interest payable	93,548	95,129
Long-term liabilities		
Bond Payable	11,055,000	11,285,000
Total liabilities	<u>\$ 11,151,567</u>	<u>\$ 11,380,129</u>
Net investment in capital asset		
Capital assets	(1,531,879)	(1,593,446)
Restricted for bond financing	935,255	896,434
Unrestricted	905,735	580,142
Total net position	<u>\$ 309,111</u>	<u>\$ (116,870)</u>

The School's strong financial operations and internal controls contributed to the improvement in the net position. The School's financial performance was monitored and measured on a monthly basis, allowing changes in spending as needed to stay within the budget. Additionally, the School continued to increase its enrollment year-over-year and has a significant enrollment backlog, which has increased funding by 5.3% since prior year.

Management Discussion and Analysis
Envision Science Academy
June 30, 2021

Envision Science Academy Changes in Net Position

Figure 3

	Governmental Activities	
	2021	2020
Revenues:		
Program revenues:		
Operating grants and contributions	\$ 193,195	\$ 145,122
General revenues:		
Rent	-	1,750
Unrestricted County appropriations	2,106,871	2,017,612
Unrestricted State appropriations	4,725,335	4,473,790
Contributions and Donations	13,530	4,881
Other revenue	57,439	172,559
Total revenues	<u>7,096,370</u>	<u>6,815,714</u>
Expenses:		
Instructional programs	5,331,423	4,596,355
Support services	769,419	1,050,048
Non-programmed charges	353	10,844
Interest on long-term debt	569,194	578,772
Total expenses	<u>6,670,389</u>	<u>6,236,019</u>
Increase in net position	425,981	579,695
Net position, July 1	<u>(116,870)</u>	<u>(696,565)</u>
Net position, June 30	<u>\$ 309,111</u>	<u>\$ (116,870)</u>

Governmental activities. Governmental activities increased the School's net position by \$425,981. County and state funds of \$6,832,206 increased by 5.3% and make up approximately 96.3% of total revenues. Instructional programs and support services of \$6,100,842 account for 91.5% of total expenses and increased by 8.0% as compared to prior year. This reflects both increased program and general revenues and a decrease in the interest on long-term debt, offset against increased costs of providing instructional services.

Financial Analysis of the School's Funds

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

Governmental Funds. The focus of Envision Science Academy's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing Envision Science Academy's financing requirements. Specifically, unassigned fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

Management Discussion and Analysis
Envision Science Academy
June 30, 2021

The general fund is the chief operating fund of Envision Science Academy. At the end of the current fiscal year, the assets in the general fund consisted primarily of cash and cash equivalents, which equaled 98.0% of the total fund assets. The unassigned fund balance of the general fund was \$1,814,033, while the total fund balance was \$1,824,455. The remaining portion of governmental funds related to capital outlays of \$1,045,338, which primarily consisted of \$935,255 of restricted cash related to our bonds. At June 30, 2021, the governmental funds of Envision Science Academy reported a combined fund balance of \$2,869,793.

Capital Asset and Debt Administration

Capital assets. It is the policy of the School to capitalize all capital assets costing more than \$1,000 with an estimated useful life of two or more years. Envision Science Academy's investment in capital assets for its governmental and business-type activities as of June 30, 2020, totals \$8,587,866, net of accumulated depreciation. These assets include the building, furniture and fixtures and site improvements.

The School had \$119,232 of capital asset purchases during the current fiscal year, which related to site improvements for the construction of its new athletic fields. Additional information on the School's capital assets can be found in note III.A.2. of the Basic Financial Statements.

Long-term Debt. As of June 30, 2021, Envision Science Academy had total debt outstanding of \$11,055,000, which is a 2.0% decrease from prior year due to the continued paydown of the School's outstanding bonds.

Economic Factors

While federal, state and county funding may not be as significant of an increase as it has been previously, the increase in the School's enrollment will generate more overall revenue. This key economic indicator reflects the continued growth and prosperity of the School.

Impact of Coronavirus. The Novel Coronavirus (COVID-19) pandemic continued to have an impact on the operations of the School during the 2021 fiscal year. Envision Science Academy began the year in a virtual learning environment and followed the applicable state and federal regulations throughout the year, which primarily was a hybrid method that included a virtual learning option. During the fiscal year, the School received \$140,353 of state and federal COVID-19 funding, which helped to offset additional costs incurred for cleaning supplies and other COVID-19 related expenses. While the School adjusted to hybrid learning environment, there was no material impact to our financial statements for the fiscal year ended June 30, 2021. Further, there was no material impact on enrollment as Envision Science Academy continues to have a healthy waiting list and expects to maintain the School's enrollment in the next fiscal year.

Requests for Information

This report is designed to provide an overview of the School's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Board of Directors, Envision Science Academy, 590 Traditions Grande Blvd, Wake Forest, NC 27587 (Telephone number 919-435-4002).

Envision Science Academy, Inc.
Statement of Net Position
June 30, 2021

	Primary Government		
	Governmental	Business-type	Total
	Activities	Activities	
ASSETS			
Cash and cash equivalents	\$ 1,901,116	\$ -	\$ 1,901,116
Restricted cash - bonds	935,255	-	935,255
Due from other governments	26,019	-	26,019
Prepaid items	10,422	-	10,422
Capital assets:			
Land, improvements, and construction in progress	637,472	-	637,472
Other capital assets, net of depreciation	7,950,394	-	7,950,394
Total capital assets	8,587,866	-	8,587,866
Total assets	11,460,678	-	11,460,678
LIABILITIES			
Accounts payable - trade	3,019	-	3,019
Accrued interest payable	93,548	-	93,548
Long-term liabilities:			
Due within one year	240,000	-	240,000
Due in more than one year	10,815,000	-	10,815,000
Total liabilities	11,151,567	-	11,151,567
NET POSITION			
Net investment in capital assets	(1,531,879)	-	(1,531,879)
Restricted for:			
Bonds	935,255	-	935,255
Unrestricted	905,735	-	905,735
Total net position	\$ 309,111	\$ -	\$ 309,111

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

Envision Science Academy, Inc.
Statement of Activities
For The Year Ended June 30, 2021

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-type Activities	Total
Primary government:						
Governmental Activities:						
Instructional programs	\$ 5,331,423	\$ -	193,195	\$ (5,138,228)	\$ -	\$ (5,138,228)
Support services	769,419	-	-	(769,419)	-	(769,419)
Community services	-	-	-	-	-	-
Non-programmed charges	353	-	-	(353)	-	(353)
Interest on long-term debt	569,194	-	-	(569,194)	-	(569,194)
Total governmental activities	6,670,389	-	193,195	(6,477,194)	-	(6,477,194)
Business-type activities:						
School food service	-	-	-	-	-	-
Fund Raising	-	-	-	-	-	-
Total business-type activities	-	-	-	-	-	-
Total primary government	\$ 6,670,389	\$ -	193,195	(6,477,194)	-	(6,477,194)
General revenues:						
Unrestricted County appropriations				2,106,871	-	2,106,871
Unrestricted State appropriations				4,725,335	-	4,725,335
Unrestricted Federal appropriations				-	-	-
Rent Income				-	-	-
Donations				13,530	-	13,530
Miscellaneous, unrestricted				57,439	-	57,439
Transfer				-	-	-
Total general revenues, special items, and transfers				6,903,175	-	6,903,175
Change in net position				425,981	-	425,981
Net position- beginning				(116,870)	-	(116,870)
Net position-ending				\$ 309,111	\$ -	\$ 309,111

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

Envision Science Academy, Inc.
Balance Sheet
Governmental Funds
June 30, 2021

	Major Funds			Total Non-Major Funds	Total Governmental Funds
	General	State Public School	Capital Outlay	Federal Grants	
ASSETS					
Cash and cash equivalents	\$ 1,791,033	\$ -	\$ 110,083	\$ -	\$ 1,901,116
Restricted cash - bonds	-	-	935,255	-	935,255
Due from other governments	26,019	-	-	-	26,019
Prepaid items	10,422	-	-	-	10,422
Total assets	1,827,474	-	1,045,338	-	2,872,812
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable - trade	3,019	-	-	-	3,019
Unavailable revenue	-	-	-	-	-
Total liabilities	3,019	-	-	-	3,019
Fund balances:					
Restricted:					
Restricted - Bonds	-	-	935,255	-	935,255
Nonspendable:					
Prepaid items	10,422	-	-	-	10,422
Assigned:					
Clubs and Activities	-	-	-	-	-
Unassigned:	1,814,033	-	110,083	-	1,924,116
Total fund balances	1,824,455	-	1,045,338	-	2,869,793
Total liabilities and fund balances	\$ 1,827,474	\$ -	\$ 1,045,338	\$ -	

Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	8,587,866
Accrued interest payable	(93,548)
Liabilities for earned but unavailable revenues in fund	-
Some liabilities, including bonds payable and accrued interest, are not due and payable in the current period and therefore are not reported in the funds (Note 5).	(11,055,000)
Net position of governmental activities	<u>\$ 309,111</u>

Envision Science Academy, Inc.
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For The Year Ended June 30, 2021

	Major Funds			Total Non-Major Funds	Total Governmental Funds
	General	State Public School	Capital Outlay	Federal Grants	
REVENUES					
State of North Carolina	\$ -	\$ 4,725,335	\$ -	\$ -	\$ 4,725,335
Local Education Agencies	2,106,871	-	-	-	2,106,871
U.S. Government	-	-	-	193,195	193,195
Contributions and donations	-	-	13,530	-	13,530
Rent Income	-	-	-	-	-
Other	50,757	-	6,682	-	57,439
Total revenues	2,157,628	4,725,335	20,212	193,195	7,096,370
EXPENDITURES					
Current:					
Instructional programs	553,396	4,344,039	-	189,124	5,086,559
Support services	305,173	381,296	(2,743)	4,071	687,797
Non-programmed charges	353	-	-	-	353
Capital outlay	119,232	-	-	-	119,232
Debt service:					
Cost of Bond issuance	-	-	-	-	-
Principal	-	-	230,000	-	230,000
Interest and other charges	-	-	570,775	-	570,775
Total expenditures	978,154	4,725,335	798,032	193,195	6,694,716
Excess (Deficit) of revenues over (Under) expenditures	1,179,474	-	(777,820)	-	401,654
OTHER FINANCING SOURCES (USES)					
Transfers	(839,132)	-	839,132	-	-
Total other financing sources (uses)	(839,132)	-	839,132	-	-
Net change in fund balance	340,342	-	61,312	-	401,654
Fund balances-beginning	1,484,113	-	984,026	-	2,468,139
Fund balances-ending	\$ 1,824,455	\$ -	\$ 1,045,338	\$ -	\$ 2,869,793

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

Envision Science Academy, Inc.
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds to the Statement of Activities
For The Year Ended June 30, 2021

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

Net changes in fund balances - total governmental funds	\$ 401,654
Change in fund balance due to change in reserve for inventory	-
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	(207,254)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.	230,000
Difference in accrued interest payable and interest expensed on fund statements	<u>1,581</u>
Total changes in net position of governmental activities	<u><u>\$ 425,981</u></u>

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

ENVISION SCIENCE ACADEMY, INC.
Notes to the Financial Statements
June 30, 2021

I. Summary of Significant Accounting Policies

The accounting policies of Envision Science Academy, Inc. (the "School") conform to generally accepted accounting principles ("GAAP") as applicable to governments. Charter schools are established by non-profit entities, such as Envision Science Academy, Inc. Because of the authority of the State Board of Education (the "SBE") to terminate, not renew or seek applicants to assume a charter on grounds sent out in the North Carolina General Statutes at G.S. 115C-218.95 with all net assets purchased with public funds reverting to a local education agency (G.S. 115C-218.100), the charter schools in North Carolina follow the governmental reporting model as used by local education agencies. The following is a summary of the more significant accounting policies.

A. Reporting Entity

Envision Science Academy, Inc. is a North Carolina non-profit corporation incorporated in December 2012. Pursuant to the provisions of the Charter School Act of 1996 as amended (the "Act"), Envision Science Academy, Inc. has been approved to operate as Envision Science Academy, a public school serving approximately 725 students. The School operates under an approved charter received from the SBE and applied for under the provisions of G.S. 115C-218.1. G.S. 115C-218.6(b)(1) states that a charter school shall be subject to the audit requirements adopted by the SBE, which includes the audit requirements established by G.S. 115C-447 of the School Budget and Fiscal Control Act ("SBFCA"), and requires the financial statements to be prepared in accordance with GAAP. The current charter is effective until June 30, 2029 and may be renewed for subsequent periods of ten (10) years unless one of the conditions in G.S. 115C-218.6(b) applies in which case the SBE may renew the charter for a shorter period or not renew the charter. Management believes that the charter will be renewed in the ordinary course of business.

Envision Science Academy, Inc. has been recognized by the Internal Revenue service as exempt from Federal income taxation under section 501(a) of the Internal Revenue Code as an organization described in section 501(c)(3).

Envision Foundation, LLC

The members of Envision Foundation, LLC's governing board are composed of board members from the School and members from the community. Envision Foundation, LLC provides significant resources and management services to the School. Envision Foundation, LLC, which has a June 30 year-end, is presented in the capital outlay fund (blended presentation). Complete financial statements for Envision Foundation, LLC can be obtained from the School.

B. Basis of Presentation

In accordance with GASB Statement No. 34, Basic Financial Statements – and Management Discussion and Analysis – for State and Local Governments ("GASB 34"), Envision Science Academy, Inc. is a special-purpose government that is engaged in governmental activities and is not a component unit of another government. Therefore, the financial statements are prepared in the same manner as general purpose governments.

Government-wide Statements: The statement of net position and the statement of activities display information about the School. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the School. Governmental activities generally are financed through intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. The School has no business-type activities.

ENVISION SCIENCE ACADEMY, INC.
Notes to the Financial Statements
June 30, 2021

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the School and for each function of the School's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) 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.

Fund Financial Statements: The fund financial statements provide information about the School's funds. Statements for the governmental fund category are presented. The emphasis of fund financial statements is on major governmental funds. All remaining governmental funds are aggregated and reported as non-major funds.

The School reports the following major governmental funds:

General Fund. The General Fund is the general operating fund of the School. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund.

State Public School Fund. The State Public School Fund includes appropriations from the Department of Public Instruction for current operating needs of the public school system and is reported as a special revenue fund.

Capital Outlay Fund. The capital outlay fund is used to account for and represent the financial activity of Envision Foundation, LLC.

C. Measurement Focus and Basis of Accounting

Government-wide Fund Financial Statements. The government-wide fund financial statements are reported using the economic resources measurement focus. The government-wide fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the School gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants and donations. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The School considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. These could include federal, State, and county grants, and some charges for services. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the School funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the School's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

ENVISION SCIENCE ACADEMY, INC.
Notes to the Financial Statements
June 30, 2021

D. Budgetary Data

Annual budgets are adopted for all funds on a government-wide basis. All budgets are prepared using the modified accrual basis of accounting.

The governing board has voluntarily established the policy, as a sound business practice, that expenditures may not exceed appropriations, for all of the School's funds, based on the adopted budget and subsequent amendments. During the year, several amendments to the original budget were necessary, the effects of which were not material. The budget presented in the supplemental data represents the budget of the School at June 30, 2021. All appropriations lapse at year-end.

E. Assets, Liabilities, Deferred Outflows and Inflows of Resources and Fund Equity

1. Deposits and Investments

All deposits of the School are made in a local bank, whose accounts are FDIC insured.

2. Cash and Cash Equivalents

The School pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

3. Capital Assets

The School's capital assets are recorded at original cost. Donated assets received prior to June 15, 2015 are listed at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value. The total of these estimates is not considered large enough that any errors would be material when capital assets are considered as a whole. It is the policy of the School to capitalize all capital assets costing more than \$1,000 with an estimated useful life of two or more years. In addition, other items which are purchased and used in large quantities such as student desks and office furniture are capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets. All depreciable assets are depreciated using the straight-line method of depreciation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are depreciated over the following estimated useful lives:

	<u>Years</u>
Furniture & Fixtures	7
Building	30
Site Improvements	30
Grounds	60

4. 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 and so will not be recognized as an expense or expenditure until then. The School has no items that meet this criterion. 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 and so will not be recognized as revenue until then. The School has no items that meet this criterion.

ENVISION SCIENCE ACADEMY, INC.
Notes to the Financial Statements
June 30, 2021

5. Long-term obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount. Bond issuance costs, except for prepaid insurance costs, are expensed in the reporting period in which they are incurred. Prepaid insurance costs are expensed over the life of the debt. In fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

6. Net Position/Fund Balances

Net position in the government-wide financial statements is classified as invested in capital assets, net of related debt; restricted; and unrestricted. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through State statute.

Fund Balances

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent. The governmental fund types classify fund balances as follows:

Non-spendable Fund Balance – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Prepaid Items – portion of fund balance that is not an available resource because it represents the year-end balance of prepaid rent on the school facility which is not a spendable resource.

Restricted Fund Balance – This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

Committed Fund Balance – portion of fund balance that can only be used for specific purposes imposed by majority vote of the School's governing body (highest level of decision-making authority). Any changes or removal of the specific purpose requires majority action by the governing bodies that approved the original action.

Assigned Fund Balance – portion of fund balance that Envision Science Academy, Inc. intends to use for specific purposes.

Unassigned Fund Balance – portion of fund balance that has not been assigned to another fund or restricted, committed, or assigned to specific purposes within the General Fund.

Envision Science Academy, Inc. has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: bond proceeds, federal funds, State funds, local non-board of education funds, board of education funds. 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.

ENVISION SCIENCE ACADEMY, INC.
Notes to the Financial Statements
June 30, 2021

7. Reconciliation between government-wide and fund statement balances

The governmental funds balance sheet includes reconciliation between fund balance - total governmental funds and net position - governmental activities as reported in the government-wide statement of net position. The net adjustment of (\$2,560,682) consists of several elements as follows:

<u>DESCRIPTION</u>	<u>AMOUNT</u>
Capital assets used in governmental activities that are not financial resources are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column).	\$ 9,901,187
Less: Accumulated Depreciation	(1,313,321)
Accrued interest payable	(93,548)
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not reported in the fund statements:	
Bonds, leases, and installment financing	(11,055,000)
Total Adjustment	<u>\$ (2,560,682)</u>

F. Revenues, Expenditures, and Expenses

1. Funding

Envision Science Academy, Inc. is funded by the State Board of Education, receiving (i) an amount equal to the average per pupil allocation for the average daily membership (ADM) from the local school administrative unit allotments in which the school is located (i.e. Wake County Board of Education) for each child attending the School except for the allocation for children with special needs and (ii) an additional amount for each child attending the School who is a child with special needs [G.S. 115C-238.29H(a)]. Additionally, the appropriate local school administrative unit(s) transfers to the School, for each student who resides in the local administrative unit and attends the charter school, an amount equal to the per pupil local current expense appropriation to the respective local school administrative unit for the fiscal year. [G.S. 115C-238.29H(b)]. As of June 30, 2021, Envision Science Academy, Inc. received funding from the Boards of Education for Wake, Granville, Durham, and Franklin Counties. Furthermore, the Envision Science Academy, Inc. has received donations of cash and/or equipment from private organizations. The cash has been used for other operating activities.

ENVISION SCIENCE ACADEMY, INC.
Notes to the Financial Statements
June 30, 2021

2. Reconciliation between government-wide and fund statements

The governmental fund statement of revenues, expenditures, and changes in fund balance is followed by reconciliation between the change in fund balance - governmental activities and the change in net position - governmental funds as reported on the government-wide statement of activities. The net difference of \$24,327 between the amounts consists of the following elements:

<u>DESCRIPTION</u>	<u>AMOUNT</u>
Capital outlay expenditures recorded in the fund statements but capitalized as assets on the statement of activities.	\$ 119,232
Depreciation expense that is recorded on the statement of activities but not in the fund statements.	(326,486)
New debt issued during the year is recorded as a source of funds on the fund statements but has no effect on the statement of activities, only the statement of net position.	-
Principal payments on debt owed are recorded as a use of funds on the fund statements but again affect only the statement of net position in the government-wide statements.	230,000
Expenses reported on the statement of activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements.	
Difference in interest expense between fund statements (modified accrual) and government-wide statements (full accrual).	1,581
Total adjustment	<u>\$ 24,327</u>

II. Stewardship, Compliance, and Accountability

A. Material Violations of Finance-Related Legal and Contractual Provisions

Noncompliance with North Carolina General Statutes

None.

Contractual Violations

None.

III. Detail Notes on All Funds

A. Assets

1. Deposits

At June 30, 2021, the School had deposits with banks and savings and loans with a carrying amount of \$1,875,067. The bank balance with the financial institutions was \$2,054,400. \$250,000 was covered by federal depository insurance and \$1,804,400 was not covered by federal depository insurance. The School does not have a deposit policy for custodial risk.

At June 30, 2021, Envision Foundation, LLC had deposits with banks and savings and loans with a carrying amount of \$1,013,409. The bank balance with the financial institutions was \$1,013,409. \$328,154 was covered by federal depository insurance and \$685,255 was not covered by federal depository insurance. Envision Foundation, LLC does not have a deposit policy for custodial risk.

ENVISION SCIENCE ACADEMY, INC.
Notes to the Financial Statements
June 30, 2021

2. Capital Assets

The School's capital asset activity for the year ended June 30, 2021 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ -	\$ -	\$ -	\$ -
Capital assets being depreciated:				
Furniture & fixtures	71,149	-	-	71,149
Site improvements	294,046	119,232	-	413,278
Total capital assets being depreciated	365,195	119,232	-	484,427
Less accumulated depreciation for:				
Furniture & fixtures	10,864	10,164	-	21,028
Site improvements	1,201	10,581	-	11,782
Total accumulated depreciation	12,065	\$ 20,745	\$ -	32,810
Total capital assets being depreciated, net	353,130			451,617
Governmental activity capital assets, net	<u>\$ 353,130</u>			<u>\$ 451,617</u>

Depreciation expense was charged to governmental functions as follows:

Instructional Programs	\$ 15,559
Supporting Services	5,186
	<u>\$ 20,745</u>

Envision Foundation, LLC's capital asset activity for the year ended June 30, 2021 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 637,472	\$ -	\$ -	\$ 637,472
Capital assets being depreciated:				
Building	8,235,050	-	-	8,235,050
Furniture & fixtures	142,407	-	-	142,407
Grounds	150,000	-	-	150,000
Site improvements	251,830	-	-	251,830
Total capital assets being depreciated	8,779,287	-	-	8,779,287
Less accumulated depreciation for:				
Building	908,681	274,502	-	1,183,183
Furniture & fixtures	48,131	20,344	-	68,475
Grounds	8,333	8,394	-	16,727
Site improvements	9,624	2,500	-	12,124
Total accumulated depreciation	974,769	\$ 305,740	\$ -	1,280,509
Total capital assets being depreciated, net	7,804,518			7,498,778
Governmental activity capital assets, net	<u>\$ 8,441,990</u>			<u>\$ 8,136,250</u>

Depreciation expense was charged to governmental functions as follows:

Instructional Programs	\$ 229,305
Supporting Services	76,435
	<u>\$ 305,740</u>

ENVISION SCIENCE ACADEMY, INC.
Notes to the Financial Statements
June 30, 2021

B. Liabilities

1. Pension Plan Obligations

a. Retirement Plan

The School maintained a 403(b) retirement plan for the benefit of its employees for fiscal year 2021. The School will match the employee's contribution up to a maximum of 3%. All employees who are full-time employees of the School are eligible to participate in the plan. Employees may contribute into the retirement plan up to the amounts allowable by the Internal Revenue Service. The School made all required contributions. For the year ended June 30, 2021, the retirement cost for the 403(b) plan to the school was \$94,868 with employees contributing \$178,216.

2. Risk Management

The School is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The School maintains general liability and errors and omissions insurance coverage of \$1 million per occurrence with a commercial carrier. The School has obtained a major medical insurance policy for its personnel through a commercial insurer. Through the plan, permanent, full-time employees of the School are eligible to receive health care benefits. The School carries commercial coverage for all other risks of loss. There have been no claims that exceeded coverage in this fiscal year.

3. Long Term Debt

a. Bond Payable

The Public Finance Authority issued tax exempt bonds on behalf of Envision Foundation, LLC under an Indenture of Trust dated on May 1, 2016. The proceeds of the 2016 bonds were loaned to Envision Foundation, LLC. for the purpose of financing the costs of acquiring, renovating and equipping certain charter school educational facilities located in Wake Forest, North Carolina and establishing reserves to be used in the event of default. The amount of the issuance is \$11,500,000 and is expected to have a final maturity date of May 1, 2046. The bonds are expected to bear interest rates that range from 4.125% to 6.0%.

Future maturities of the bonds are as follows:

For year ended June 30,	Principal	Interest
6/30/2022	\$ 237,136	\$ 554,820
6/30/2023	241,996	545,056
6/30/2024	251,849	535,100
6/30/2025	266,695	524,736
6/30/2026	276,533	513,760
6/30/2027-6/30/2031	1,584,953	2,357,450
6/30/2032-6/30/2036	2,039,549	1,906,728
6/30/2037-6/30/2041	2,627,690	1,320,200
6/30/2042-6/30/2046	3,389,357	553,746
Total	<u>\$ 10,915,758</u>	<u>\$ 8,811,596</u>

ENVISION SCIENCE ACADEMY, INC.
Notes to the Financial Statements
June 30, 2021

Future maturities of the bond premium are as follows:

For year ended June 30,	Principal	Interest
6/30/2022	\$ 2,864	\$ 6,468
6/30/2023	3,004	6,328
6/30/2024	3,151	6,181
6/30/2025	3,305	6,027
6/30/2026	3,467	5,865
6/30/2027-6/30/2031	20,047	26,613
6/30/2032-6/30/2036	25,451	21,210
6/30/2037-6/30/2041	32,310	14,351
6/30/2042-6/30/2046	45,643	5,643
Total	<u>\$ 139,242</u>	<u>\$ 98,686</u>

The School is required to meet a debt coverage ratio of above 1:10 or above each fiscal year based on actual annual lease payment and actual annual debt service for the fiscal year ended June 30, 2021. Starting with the fiscal year ended June 30, 2019, the debt service ratio is calculated on the basis of maximum annual lease payments and maximum annual debt service. The School is in compliance with the debt coverage ratio requirement.

Change in net position (pg. 15)	\$ 425,981
Plus: Depreciation	326,486
Plus: Interest (pg. 15)	569,194
Current year net income available for lease payments	<u>1,321,661</u>
Maximum annual lease payments	800,861
Maximum annual debt service (not including payments to Series 2016 bonds)	-
	<u>800,861</u>
Coverage Ratio	<u>1.65</u>

The School is required to maintain enough cash on hand to operate for at least 45 days. The School is in compliance with the cash on hand requirement.

Unrestricted Cash (pg. 14)	\$ 1,901,116
Total Expenses (pg. 15)	6,673,062
Accrued Interest (pg. 14)	(93,548)
Operating Expenses	<u>6,579,514</u>
Operating expenses divided by 365, multiplied by 45	811,173
Surplus Cash	<u>\$ 1,089,943</u>

ENVISION SCIENCE ACADEMY, INC.
Notes to the Financial Statements
June 30, 2021

b. Changes in General Long-Term Obligations

The following is a summary of changes in Envision Foundation, LLC's long-term obligations for the fiscal year ended June 30, 2021:

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021	Current Portion
Governmental activities:					
Note payable:					
Bond A	\$ 11,143,027	\$ -	\$ 227,269	\$ 10,915,758	\$ 237,136
Bond B	-	-	-	-	-
Bond Premium	141,973	-	2,731	139,242	2,864
Total	<u>\$ 11,285,000</u>	<u>\$ -</u>	<u>\$ 230,000</u>	<u>\$ 11,055,000</u>	<u>\$ 240,000</u>

The following is a summary of changes in the School's long-term obligations for the fiscal year ended June 30, 2021:

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021	Current Portion
Governmental activities:					
Capital lease payable	\$ 11,285,000	\$ -	\$ 231,667	\$ 11,053,333	\$ 240,833
Total	<u>\$ 11,285,000</u>	<u>\$ -</u>	<u>\$ 231,667</u>	<u>\$ 11,053,333</u>	<u>\$ 240,833</u>

Total long-term obligations for the fiscal year ended June 30, 2021 are as follows:

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021	Current Portion
Governmental activities:					
Note payable:					
Bond A	\$ 11,143,027	\$ -	\$ 227,269	\$ 10,915,758	\$ 237,136
Bond B	-	-	-	-	-
Bond Premium	141,973	-	2,731	139,242	2,864
Capital lease payable	11,285,000	-	231,667	11,053,333	240,833
Elimination	(11,285,000)	-	(231,667)	(11,053,333)	(240,833)
Total	<u>\$ 11,285,000</u>	<u>\$ -</u>	<u>\$ 230,000</u>	<u>\$ 11,055,000</u>	<u>\$ 240,000</u>

4. Operating and Capital Leases

Capital Leases – Related Party

The School entered into capital lease on May 1, 2016 for facility rental from Envision Foundation, LLC. On December 7, 2016, the School amended the lease agreement for total payments in principal and interest of \$22,659,709. The agreement requires variable monthly payments and expires April 20, 2046. The School paid \$757,822 in principal and interest under this lease agreement for the year ended June 30, 2021. Future lease payments are included in the schedule below.

For year ended June 30,	Principal	Interest	Total lease payments
6/30/2022	\$ 240,833	\$ 559,637	\$ 800,470
6/30/2023	246,667	549,703	796,370
6/30/2024	257,500	539,528	797,028
6/30/2025	271,667	528,906	800,573
6/30/2026	281,667	517,700	799,367
6/30/2027-6/30/2031	1,619,166	2,370,353	3,989,519
6/30/2032-6/30/2036	2,082,500	1,910,298	3,992,798
6/30/2037-6/30/2041	2,683,334	1,311,276	3,994,610
6/30/2042-6/30/2046	3,331,666	529,332	3,860,998
Total	<u>\$ 11,015,000</u>	<u>\$ 8,816,733</u>	<u>\$ 19,831,733</u>

ENVISION SCIENCE ACADEMY, INC.
Notes to the Financial Statements
June 30, 2021

5. Transfers

The School transferred \$839,132 to Envision Foundation, LLC as a part of a capital lease agreement required by Envision Foundation, LLC's bond issue.

6. Fund Balance

Envision Science Academy, Inc. has a revenue spending policy that provides policy for programs with multiple revenue sources. Management will use resources in the following hierarchy: federal funds, State funds, local non-School funds, Envision Science Academy, Inc. funds. 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. Management has the authority to deviate from this policy if it is in the best interest of the School. The following schedule provides management and citizens with information on the portion of General Fund balance that is available for appropriation.

Total Fund Balance	\$1,821,782
Less:	
Prepaid Items	10,422
Remaining Fund Balance	\$1,811,360

IV. Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs

The School has received proceeds from several federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant moneys to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant moneys.

COVID-19 Contingencies

During the year ended June 30, 2021, the COVID-19 pandemic in the United States caused business disruption through mandated and voluntary closings. The extent of the impact of COVID-19 on operational and financial performance will depend on certain developments and cannot be reasonably predicted and estimated at this time. The COVID-19 pandemic is ongoing as of June 30, 2021, and additional impact on operational and financial performance may occur.

V. Subsequent Events

The School has evaluated subsequent events from the date of the balance sheet through the date of the independent auditors' report, which is the date the financial statements are available to be issued. The School has not evaluated subsequent events after that date. There were no subsequent events requiring disclosure.

VI. Related Party Transactions

Envision Science Academy, Inc. has an agreement for property use with Envision Foundation, LLC. During the year ended June 30, 2021, Envision Science Academy paid \$839,132 on this agreement.

Envision Foundation, LLC has the same Board of Directors as Envision Science Academy and Envision Science Academy, Inc.

Statement 1

**Envision Science Academy, Inc.
Non-Major Governmental Funds
Balance Sheet
June 30, 2021**

	<u>Special Revenue Funds</u>
Assets	
Cash and cash equivalents	\$ -
Due from other governments	-
Total assets	<u>\$ -</u>
 Liabilities and Fund Balances	
Liabilities:	
Accrued salaries and wages payable	\$ -
Unavailable revenues	-
Total liabilities	<u>-</u>
 Fund balances-unassigned	-
Total liabilities and fund equity	<u>\$ -</u>

Statement 2

Envision Science Academy, Inc.
Non-Major Governmental Funds
Statement of Revenues, Expenditures, and
Changes in Fund Balances
For The Year Ended June 30, 2021

	Special Revenue Funds
Revenues:	
U.S. Government:	
IDEA VI-B Handicapped	\$ 193,195
Total	193,195
Donations	-
Other	-
Total	-
Total revenues	193,195
Expenditures:	
Current:	
Instructional programs:	
Regular programs	-
Special programs	193,195
Other	-
Total	193,195
Support services:	
Pupil services	
Instructional staff services	-
General administrative	-
School administrative	-
Club and activity expenditures	-
Total	-
Non-programmed charges:	
Other	-
Total	-
Total expenditures	193,195
Revenues over expenditures	-
Fund balances:	
Beginning of year, July 1	-
End of year, June 30	\$ -

Envision Science Academy, Inc.
All Fund Types
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For The Year Ended June 30, 2021

	Final Budget	Actual	Favorable (Unfavorable) Variance
Revenues:			
State Funding	\$ 4,725,336	\$ 4,725,335	\$ (1)
County Funding	2,106,870	2,106,871	1
Federal EC Funding	193,195	193,195	-
Donations	-	13,530	13,530
Rent	-	-	-
Others	44,017	57,439	13,422
Total revenues	<u>7,069,418</u>	<u>7,096,370</u>	<u>26,952</u>
Expenditures:			
Books & supplies	111,432	101,166	10,266
Technology	195,370	180,305	15,065
Personnel	4,771,215	4,759,649	11,566
Human Resources	144,179	125,937	18,242
Facilities	1,046,390	999,222	47,168
Utilities	70,702	70,828	(126)
Debt Service	-	-	-
Other	408,965	338,377	70,588
Capital purchases	124,956	119,232	5,724
Total expenditures	<u>6,873,209</u>	<u>6,694,716</u>	<u>178,493</u>
Other financing sources:			
Appropriated fund balance	(196,209)	-	196,209
Bond payable issued	-	-	-
Note payable issued	-	-	-
Total other financing sources	<u>(196,209)</u>	<u>-</u>	<u>196,209</u>
Excess of revenues over expenditures	<u>\$ -</u>	401,654	<u>\$ 401,654</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Capital outlay		119,232	
New debt issued		-	
Principal payments		230,000	
Depreciation		(326,486)	
Other reconciling items		1,581	
Change in net position - total primary government		<u>\$ 425,981</u>	

COMPLIANCE SECTION
ENVISION SCIENCE ACADEMY, INC.
WAKE FOREST, NORTH CAROLINA
JUNE 30, 2021

PETWAY MILLS & PEARSON, PA

CERTIFIED PUBLIC ACCOUNTANTS

C. Briggs Petway, Jr.
Phyllis M. Pearson

Zebulon Office
P.O. Box 1036
806 N. Arendell Ave.
Zebulon, NC 27597
919.269.7405
919.269.8728 Fax

Raleigh Office
9121 Anson Way
Suite 200
Raleigh, NC 27615
919.781.1047

www.pmpcpa.com

Memberships:

North Carolina
Association of
Certified Public
Accountants

American Institute
of Certified Public
Accountants

Independent Auditors' Report On Internal Control Over Financial Reporting And On Compliance and Other Matters Based On An Audit Of Financial Statements Performed In Accordance With *Government Auditing Standards*

To the Board of Directors
Envision Science Academy, Inc.
Wake Forest, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Envision Science Academy, Inc., as of June 30, 2021, and the related notes to the financial statements, which collectively comprise Envision Science Academy, Inc.'s basic financial statements, and have issued our report thereon dated October 18, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Envision Science Academy, Inc.'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 Envision Science Academy, Inc.'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 Envision Science Academy, Inc.'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.

Petway Mills & Pearson, PA

PETWAY MILLS & PEARSON, PA
Certified Public Accountants
Zebulon, North Carolina

October 18, 2021

**PETWAY
MILLS &
PEARSON, PA**

CERTIFIED PUBLIC ACCOUNTANTS

C. Briggs Petway, Jr.
Phyllis M. Pearson

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**Independent Auditors' Report on Compliance for Each Major State Program and
on Internal Control over Compliance in Accordance with Uniform Guidance and
the State Single Audit Implementation Act**

To the Board of Directors
Envision Science Academy, Inc.
Wake Forest, North Carolina

Report on Compliance for Each Major State Program

We have audited Envision Science Academy, Inc.'s (the School) compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on Envision Science Academy, Inc.'s major State program for the year ended June 30, 2021. Envision Science Academy, Inc.'s major State program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its State programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for Envision Science Academy, Inc.'s major State program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in and applicable sections of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about Envision Science Academy, Inc.'s compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major State program. However, our audit does not provide a legal determination of Envision Science Academy, Inc.'s compliance.

Opinion on Each Major State Program

In our opinion, Envision Science Academy, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major State program for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of Envision Science Academy, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Envision Science Academy, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on a major State

program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major State program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Petway Mills & Pearson, PA

PETWAY MILLS & PEARSON, PA
Certified Public Accountants
Zebulon, North Carolina

October 18, 2021

ENVISION SCIENCE ACADEMY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2021

SECTION I. – SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	<u> </u> yes	<u> X </u> no
Significant deficiency(ies) identified that are not considered to be material weaknesses?	<u> </u> yes	<u> X </u> none reported

Noncompliance material to financial
statements noted

 yes X no

State Awards

Internal control over major State programs:

Material weakness(es) identified?	<u> </u> yes	<u> X </u> no
Significant deficiency(ies) identified that are not considered to be material weaknesses?	<u> </u> yes	<u> X </u> none reported

Type of auditors' report issued on compliance for major State programs: Unmodified.

Any audit findings disclosed that are required
to be reported in accordance with Uniform Guidance yes X no

Identification of major State programs:

Program Name

State Public School Funds (PRC 036 - Charter School Funds)

ENVISION SCIENCE ACADEMY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2021

SECTION II. – FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III. – STATE AWARD FINDINGS AND RESPONSES

None reported.

**ENVISION SCIENCE ACADEMY, INC.
CORRECTIVE ACTION PLAN
For The Year Ended June 30, 2021**

SECTION II. – FINANCIAL STATEMENT FINDINGS

None required.

SECTION III. – STATE AWARD FINDINGS AND RESPONSES

None required.

ENVISION SCIENCE ACADEMY, INC.
SUMMARY SCHEDULE OF PRIOR YEARS' AUDIT FINDINGS
For The Year Ended June 30, 2021

There were no findings for the year ending June 30, 2020.

ENVISION SCIENCE ACADEMY, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For The Year Ended June 30, 2021

GRANTOR/PASS-THROUGH GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	STATE/ PASS-THROUGH GRANTOR'S NUMBER	EXPENDITURES
FEDERAL GRANTS:			
CASH ASSISTANCE:			
<u>US Department of Education</u>			
Passed Through the NC Department of Public Instruction:			
Special Education Cluster			
IDEA VI-B Handicapped Grant	84.027	PRC 060	\$ 112,011
Special Needs Targeted Assistance	84.027	PRC 118	3,470
Total Special Education Cluster			<u>115,481</u>
COVID-19 Education Stabilization Fund - K12			
Emergency Relief Fund			
ESSER I - Public School Unit Supplemental Funding	84.425D	PRC 164	26,703
Digital Curricula	84.425D	PRC 165	3,234
ESSER II - Public School Unit Supplemental Funding	84.425D	PRC 172	47,777
Total COVID-19 Education Stabilization Fund - K12 Emergency Relief Fund			<u>77,714</u>
Total U.S. Department of Education			<u>193,195</u>
TOTAL FEDERAL CASH ASSISTANCE			<u>193,195</u>
STATE OF NORTH CAROLINA GRANTS			
CASH ASSISTANCE			
<u>NC Department of Public Instruction</u>			
State Public School Funds (PRC 016 -- Summer Reading)		PRC 016	2,879
State Public School Funds (PRC 036 -- Charter School Funds)		PRC 036	4,643,670
State Public School Funds (PRC 048 -- Fourth Grade Reading Bonus)		PRC 048	16,148
State Public School Funds (PRC 121 -- Summer Learning Program)		PRC 121	14,072
State Public School Funds (PRC 124 -- Student Computers and Devices)		PRC 124	13,066
State Public School Funds (PRC 126 -- Personnel Computers and Devices)		PRC 126	20,781
State Public School Funds (PRC 128 -- Home and Community WiFi)		PRC 128	3,526
State Public School Funds (PRC 137 -- Personal Protective Equipment)		PRC 137	11,194
Total State Public School Funds			<u>4,725,336</u>
TOTAL FEDERAL AND STATE AWARDS			<u>\$ 4,918,531</u>

Notes to the Schedule of Expenditures of Federal and State Awards:

Basis of Presentation

The accompanying Schedule of Expenditures of Federal and State Awards includes the federal and State grant activity of Envision Science Academy, Inc. as of June 30, 2021 and is presented on the accrual basis of accounting. The information in this SEFSA is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of the Envision Science Academy, Inc., it is not intended Federal Awards (Uniform Guidance) and the State Single Audit to and does not present the financial position, changes in net position or cash flows of the Envision Science Academy, Inc.

Indirect Costs

The School has not elected to charge a 10% de minimis indirect cost rate to its grants and has not elected to obtain a federal indirect cost rate.

Summary of Accounting Policies

Expenditures reported in the schedule of expenditures of federal and state awards are reported on the accrual basis of accounting.