

FINANCIAL STATEMENTS  
ENVISION SCIENCE ACADEMY, INC.  
WAKE FOREST, NORTH CAROLINA  
JUNE 30, 2022

## **Board of Directors**

Ryan Cotterman  
President

Roland Lewis Jr  
Vice President

Holly Miller  
Secretary

Yuliya Morris  
Treasurer

Arunee Monica Cutno

Shon Mallory

Diego Torres

ENVISION SCIENCE ACADEMY, INC.  
TABLE OF CONTENTS  
JUNE 30, 2022

	<u>EXHIBIT</u>	<u>PAGE</u>
FINANCIAL SECTION		
Independent Auditors' Report		5
Management's Discussion and Analysis		7
Basic Financial Statements:		
Government-wide Financial Statements:		
Statement of Net Position	1	14
Statement of Activities	2	15
Fund Financial Statements:		
Balance Sheet - Governmental Funds	3	16
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	3	16
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	4	17
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statements of Activities	5	18
Notes to the Basic Financial Statements		19

ENVISION SCIENCE ACADEMY, INC.  
TABLE OF CONTENTS  
JUNE 30, 2022

	<u>STATEMENT</u>	<u>PAGE</u>
Statements		
Balance Sheet - Non-Major Government Funds	1	30
Statement of Revenues, Expenditures and Changes in Fund Balances - Non-Major Government Funds	2	31
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual, All Fund Types	3	32
COMPLIANCE SECTION		
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 <i>Government Auditing Standards</i>		34
Independent Auditors' Report on Compliance for Each Major State Program and on Internal Control Over Compliance in Accordance Uniform Guidance and the State Single Audit Implementation Act		36
Schedule of Findings and Questioned Costs		38
Corrective Action Plan		40
Summary Schedule of Prior Years' Audit Findings		41
Schedule of Expenditures of Federal and State Awards		42

**PETWAY  
MILLS &  
PEARSON, PA**

CERTIFIED PUBLIC ACCOUNTANTS

C. Briggs Petway, Jr.  
Phyllis M. PearsonZebulon Office  
P.O. Box 1036  
806 N. Arendell Ave.  
Zebulon, NC 27597  
919.269.7405  
919.269.8728 Fax

www.pmpcpa.com

**Memberships:**North Carolina  
Association of  
Certified Public  
AccountantsAmerican Institute  
of Certified Public  
AccountantsTo 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, 2022, 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, 2022, 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

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 17, 2022 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 17, 2022

**Management Discussion and Analysis**  
**Envision Science Academy**  
**June 30, 2022**

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, 2022. 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**

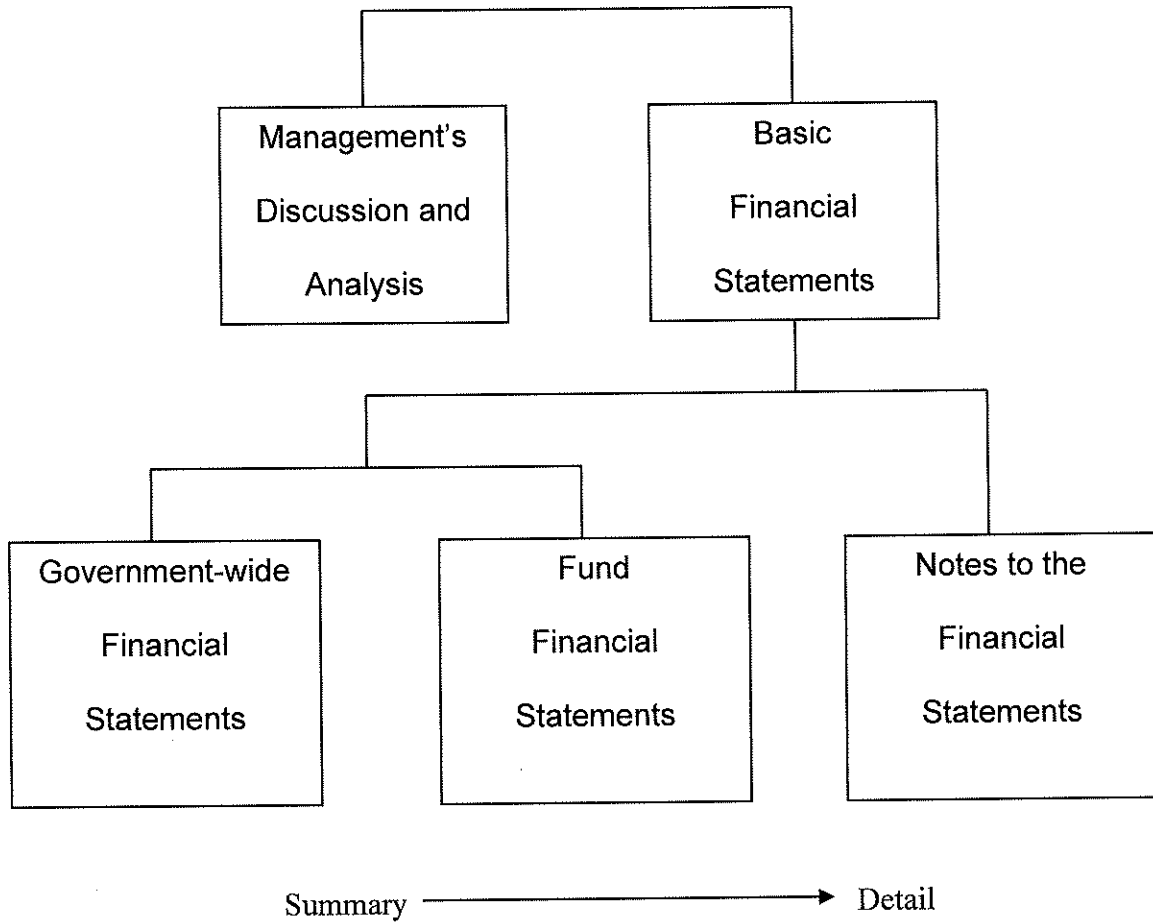
- The assets of Envision Science Academy exceeded its liabilities at the close of the fiscal year by \$672,510 (net position).
- The government’s total net position increased by \$363,399, which was driven by governmental activities including an increase in net capital assets and a decrease in bonds payable.
- As of the close of the current fiscal year, the School’s governmental funds reported combined ending fund balances of \$3,220,103, an increase of \$350,310 in comparison with the prior year.
- Enrollment decreased with an average daily membership of 732 students for the year ended June 30, 2022 as compared to 740 students for the year ended June 30, 2021.

**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, 2022**

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.

**Management Discussion and Analysis**  
**Envision Science Academy**  
**June 30, 2022**

**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 *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 \$672,510 as of June 30, 2022. As of June 30, 2021, the net position of the School stood at \$309,111. The School’s net position increased by \$363,399 for the fiscal year ended June 30, 2022, compared to an increase of \$425,981 in 2021. A large portion (\$1,521,250) 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. \$934,444 is restricted for bond obligation. The remaining balance of \$1,259,316 is unrestricted.

**The Envision Science Academy's Net Position**

**Figure 2**

	<b>Governmental Activities</b>	
	<b>2022</b>	<b>2021</b>
Current and other assets	\$ 2,271,666	\$ 1,901,116
Restricted Cash Bonds	934,444	935,255
Accounts Receivable	21,011	26,019
Prepaid Expense	9,936	10,422
Capital Assets (net of depreciation)	8,359,306	8,587,866
Total assets	<u>\$ 11,596,363</u>	<u>\$ 11,460,678</u>
Current liabilities	16,954	3,019
Accrued interest payable	91,898	93,548
Long-term liabilities		
Bond Payable	10,815,000	11,055,000
Total liabilities	<u>\$ 10,923,852</u>	<u>\$ 11,151,567</u>
Net investment in capital asset		
Capital assets	(1,521,250)	(1,531,879)
Restricted for bond financing	934,444	935,255
Unrestricted	1,259,316	905,735
Total net position	<u>\$ 672,510</u>	<u>\$ 309,111</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.

.....

**Envision Science Academy Changes in Net Position**

**Figure 3**

	<b>Governmental Activities</b>	
	<b>2022</b>	<b>2021</b>
Revenues:		
Program revenues:		
Operating grants and contributions	\$ 441,865	\$ 193,195
General revenues:		
Unrestricted County appropriations	2,161,044	2,106,871
Unrestricted State appropriations	4,804,752	4,725,335
Contributions and Donations	4,488	13,530
Rent Income	4,924	-
Other revenue	55,589	57,439
Total revenues	<u>7,472,662</u>	<u>7,096,370</u>
Expenses:		
Instructional programs	5,929,621	5,331,423
Support services	610,403	769,419
Non-programmed charges	9,602	353
Interest on long-term debt	559,637	569,194
Total expenses	<u>7,109,263</u>	<u>6,670,389</u>
Increase in net position	363,399	425,981
Net position, July 1	<u>309,111</u>	<u>(116,870)</u>
Net position, June 30	<u>\$ 672,510</u>	<u>\$ 309,111</u>

**Governmental activities.** Governmental activities increased the School's net position by \$363,399. County and state funds of \$6,965,796 increased by 2.0% and make up approximately 93.2% of total revenues. Instructional programs and support services of \$6,540,024 account for 92.0% of total expenses and increased by 6.7% 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.

**Management Discussion and Analysis**  
**Envision Science Academy**  
**June 30, 2022**

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.

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 99.5% of the total fund assets. The unassigned fund balance of the general fund was \$2,158,783, while the total fund balance was \$2,168,719. The remaining portion of governmental funds related to capital outlays of \$1,051,384, which primarily consisted of \$934,444 of restricted cash related to our bonds. At June 30, 2022, the governmental funds of Envision Science Academy reported a combined fund balance of \$3,220,103.

**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, 2022, totals \$8,359,306, net of accumulated depreciation. These assets include the building, furniture and fixtures and site improvements.

The School had \$103,758 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, 2022, Envision Science Academy had total debt outstanding of \$10,815,000, which is a 2.2% decrease from prior year due to the continued paydown of the School's outstanding bonds.

**Economic Factors**

As we continue to move past the impacts of the Novel Coronavirus (COVID-19), federal, state and county funding continue to recover to levels that meet or exceed historical funding. We expect such levels of funding to continue into future school years, which coupled with the continued strong enrollment at the School, will generate an increase in overall revenue and reflects the continued growth and prosperity of the School. Further, 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, 2022**

	<b>Primary Government</b>		
	<b>Governmental</b>	<b>Business-type</b>	
	<b>Activities</b>	<b>Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,271,666	\$ -	\$ 2,271,666
Restricted cash - bonds	934,444	-	934,444
Due from other governments	21,011	-	21,011
Prepaid items	9,936	-	9,936
Capital assets:			
Land, improvements, and construction in progress	637,472	-	637,472
Other capital assets, net of depreciation	7,721,834	-	7,721,834
Total capital assets	8,359,306	-	8,359,306
Total assets	11,596,363	-	11,596,363
<b>LIABILITIES</b>			
Accounts payable - trade	16,954	-	16,954
Accrued interest payable	91,898	-	91,898
Long-term liabilities:			
Due within one year	245,000	-	245,000
Due in more than one year	10,570,000	-	10,570,000
Total liabilities	10,923,852	-	10,923,852
<b>NET POSITION</b>			
Net investment in capital assets	(1,521,250)	-	(1,521,250)
Restricted for:			
Bonds	934,444	-	934,444
Unrestricted	1,259,316	-	1,259,316
Total net position	\$ 672,510	\$ -	\$ 672,510

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, 2022**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
<b>Primary government:</b>							
Governmental Activities:							
Instructional programs	\$ 5,929,621	\$ 1,011	\$ 441,865	\$ -	\$ (5,486,745)	\$ -	\$ (5,486,745)
Support services	610,403	-	-	-	(610,403)	-	(610,403)
Community services	-	-	-	-	-	-	-
Non-programmed charges	9,602	-	-	-	(9,602)	-	(9,602)
Interest on long-term debt	559,637	-	-	-	(559,637)	-	(559,637)
Total governmental activities	7,109,263	1,011	441,865	-	(6,666,387)	-	(6,666,387)
<b>Business-type activities:</b>							
School food service	-	-	-	-	-	-	-
Fund Raising	-	-	-	-	-	-	-
Total business-type activities	-	-	-	-	-	-	-
Total primary government	\$ 7,109,263	\$ 1,011	\$ 441,865	\$ -	(6,666,387)	-	(6,666,387)
General revenues:							
Unrestricted County appropriations					2,161,044	-	2,161,044
Unrestricted State appropriations					4,804,752	-	4,804,752
Unrestricted Federal appropriations					-	-	-
Rent Income					4,488	-	4,488
Donations					4,924	-	4,924
Miscellaneous, unrestricted					54,578	-	54,578
Transfer					-	-	-
Total general revenues, special items, and transfers					7,029,786	-	7,029,786
Change in net position					363,399	-	363,399
Net position- beginning					309,111	-	309,111
Net position-ending					\$ 672,510	\$ -	\$ 672,510

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

Envision Science Academy, Inc.  
Balance Sheet  
Governmental Funds  
June 30, 2022

	Major Funds			Total Non-Major Funds	Total Governmental Funds
	General	State Public School	Capital Outlay	Federal Grants	
<b>ASSETS</b>					
Cash and cash equivalents	\$ 2,154,726	\$ -	\$ 116,940	\$ -	\$ 2,271,666
Restricted cash - bonds	-	-	934,444	-	934,444
Due from other governments	21,011	-	-	-	21,011
Prepaid items	9,936	-	-	-	9,936
Total assets	2,185,673	-	1,051,384	-	3,237,057
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable - trade	16,954	-	-	-	16,954
Unavailable revenue	-	-	-	-	-
Total liabilities	16,954	-	-	-	16,954
Fund balances:					
Restricted:					
Restricted - Bonds	-	-	934,444	-	934,444
Nonspendable:					
Prepaid items	9,936	-	-	-	9,936
Assigned:					
Clubs and Activities	-	-	-	-	-
Unassigned:	2,158,783	-	116,940	-	2,275,723
Total fund balances	2,168,719	-	1,051,384	-	3,220,103
Total liabilities and fund balances	\$ 2,185,673	\$ -	\$ 1,051,384	\$ -	

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.	8,359,306
Accrued interest payable	(91,899)
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).	(10,815,000)
Net position of governmental activities	<u>\$ 672,510</u>



Envision Science Academy, Inc.  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For The Year Ended June 30, 2022**

	Major Funds			Total Non-Major Funds	Total Governmental Funds
	General	State Public School	Capital Outlay	Federal Grants	
<b>REVENUES</b>					
State of North Carolina	\$ -	\$ 4,804,752	\$ -	\$ -	\$ 4,804,752
Local Education Agencies	2,161,044	-	-	-	2,161,044
U.S. Government	-	-	-	441,865	441,865
Contributions and donations	-	-	4,924	-	4,924
Rent Income	4,488	-	-	-	4,488
Other	53,522	-	2,066	-	55,588
Total revenues	2,219,054	4,804,752	6,990	441,865	7,472,661
<b>EXPENDITURES</b>					
<b>Current:</b>					
Instructional programs	662,513	4,609,444	-	408,424	5,680,381
Support services	298,494	195,308	80	33,441	527,323
Non-programmed charges	9,602	-	-	-	9,602
<b>Capital outlay</b>	103,758	-	-	-	103,758
<b>Debt service:</b>					
Cost of Bond issuance	-	-	-	-	-
Principal	-	-	240,000	-	240,000
Interest and other charges	-	-	561,287	-	561,287
Total expenditures	1,074,367	4,804,752	801,367	441,865	7,122,351
Excess (Deficit) of revenues over (Under) expenditures	1,144,687	-	(794,377)	-	350,310
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers	(800,423)	-	800,423	-	-
Total other financing (uses)	(800,423)	-	800,423	-	-
Net change in fund balance	344,264	-	6,046	-	350,310
Fund balances-beginning	1,824,455	-	1,045,338	-	2,869,793
Fund balances-ending	\$2,168,719	\$ -	\$1,051,384	\$ -	\$ 3,220,103

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, 2022**

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

Net changes in fund balances - total governmental funds	\$ 350,310
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.	(228,560)
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.	240,000
Difference in accrued interest payable and interest expensed on fund statements	1,649
	<hr/>
Total changes in net position of governmental activities	<u><u>\$ 363,399</u></u>

ENVISION SCIENCE ACADEMY, INC.  
Notes to the Financial Statements  
June 30, 2022

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, 2022

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, 2022

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, 2022. 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, 2022

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, 2022

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 (\$2,549,244) 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).	\$ 10,004,944
Less: Accumulated Depreciation	(1,645,640)
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	(10,815,000)
Total Adjustment	<u><u>\$ (2,549,244)</u></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, 2022, Envision Science Academy, Inc. received funding from the Boards of Education for Wake, Granville, Durham, Vance, 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, 2022

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 \$11,439 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.	\$ 103,758
Depreciation expense that is recorded on the statement of activities but not in the fund statements.	(332,319)
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.	240,000
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).	-
Total adjustment	<u>\$ 11,439</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, 2022, the School had deposits with banks and savings and loans with a carrying amount of \$1,990,120. The bank balance with the financial institutions was \$2,079,376. \$250,000 was covered by federal depository insurance and \$1,829,376 was not covered by federal depository insurance. The School does not have a deposit policy for custodial risk.

At June 30, 2022, Envision Foundation, LLC had deposits with banks and savings and loans with a carrying amount of \$972,678. The bank balance with the financial institutions was \$934,444. \$250,000 was covered by federal depository insurance and \$684,444 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, 2022

2. Capital Assets

The School's capital asset activity for the year ended June 30, 2022 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	413,278	103,758	-	517,036
Total capital assets being depreciated	484,427	103,758	-	588,185
Less accumulated depreciation for:				
Furniture & fixtures	21,028	10,164	-	31,192
Site improvements	11,782	16,415	-	28,197
Total accumulated depreciation	32,810	\$ 26,579	\$ -	59,389
Total capital assets being depreciated, net	451,617			528,796
Governmental activity capital assets, net	<u>\$ 451,617</u>			<u>\$ 528,796</u>

Depreciation expense was charged to governmental functions as follows:

Instructional Programs	\$ 19,934
Supporting Services	6,645
	<u>\$ 26,579</u>

Envision Foundation, LLC's capital asset activity for the year ended June 30, 2022 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	1,183,183	274,502	-	1,457,685
Furniture & fixtures	68,475	20,344	-	88,819
Grounds	10,833	2,500	-	13,333
Site improvements	18,019	8,394	-	26,413
Total accumulated depreciation	1,280,510	\$ 305,740	\$ -	1,586,250
Total capital assets being depreciated, net	7,498,777			7,193,037
Governmental activity capital assets, net	<u>\$ 8,136,249</u>			<u>\$ 7,830,509</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, 2022

**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 2022. 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
2023	\$ 241,996	\$ 545,056
2024	251,849	535,100
2025	266,695	524,736
2026	276,533	513,760
2027-2031	1,584,953	2,357,450
2032-2036	2,039,549	1,906,728
2037-20241	2,627,690	1,320,200
2022-2046	3,389,357	553,746
Total	<u>\$ 10,678,622</u>	<u>\$ 8,256,776</u>

ENVISION SCIENCE ACADEMY, INC.  
Notes to the Financial Statements  
June 30, 2022

Future maturities of the bond premium are as follows:

For year ended June 30,	Principal	Interest
2023	\$ 3,004	\$ 6,328
2024	3,151	6,181
2025	3,305	6,027
2026	3,467	5,865
2027-2031	20,047	26,613
2032-2036	25,451	21,210
2027-2041	32,310	14,351
2042-2046	45,643	5,643
Total	<u>\$ 136,378</u>	<u>\$ 92,218</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, 2022. 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)	\$ 363,399
Plus: Depreciation	332,319
Plus: Interest (pg. 15)	559,637
Current year net income available for lease payments	<u>1,255,355</u>
Maximum annual lease payments	800,423
Maximum annual debt service (not including payments to Series 2016 bonds)	-
	<u>800,423</u>
Coverage Ratio	<u>1.57</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)	\$ 2,271,666
Total Expenses (pg.15)	7,029,786
Accrued Interest (pg.14)	<u>(91,898)</u>
Operating Expenses	6,937,888
Operating expenses, divided by 365, multiplied by 45	855,356
Surplus	<u>\$ 1,416,310</u>

ENVISION SCIENCE ACADEMY, INC.  
Notes to the Financial Statements  
June 30, 2022

**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, 2022:

	Balance July 1, 2021	Increases	Decreases	Balance June 30, 2022	Current Portion
Governmental activities:					
Note payable:					
Bond A	\$ 10,915,758	\$ -	\$ 237,136	\$ 10,678,622	\$ 241,996
Bond B	-	-	-	-	-
Bond Premium	139,242	-	2,864	136,378	3,004
Total	\$ 11,055,000	\$ -	\$ 240,000	\$ 10,815,000	\$ 245,000

The following is a summary of changes in the School's long-term obligations for the fiscal year ended June 30, 2022:

	Balance July 1, 2021	Increases	Decreases	Balance June 30,	Current Portion
Governmental activities:					
Capital lease payable	\$ 11,053,333	\$ -	\$ 240,833	\$10,812,500	\$ 246,667
Total	\$ 11,053,333	\$ -	\$ 240,833	\$10,812,500	\$ 246,667

Total long-term obligations for the fiscal year ended June 30, 2022 are as follows:

	Balance 1, 2021	July Increases	Decreases	Balance June 30, 2022	Current Portion
Governmental activities:					
Note payable:					
Bond A	\$ 10,915,758	\$ -	\$ 237,136	\$ 10,678,622	\$ 241,996
Bond B	-	-	-	-	-
Bond Premium	139,242	-	2,864	136,378	3,004
Capital lease payable	11,053,333	-	240,833	10,812,500	246,667
Elimination	(11,053,333)	-	(240,833)	(10,812,500)	(246,667)
Total	\$ 11,055,000	\$ -	\$ 240,000	\$ 10,815,000	\$ 245,000

**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 \$791,956 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
2023	\$ 246,667	\$ 549,703	\$ 796,370
2024	257,500	539,528	797,028
2025	271,667	528,906	800,573
2026	281,667	517,700	799,367
2027-2031	1,619,166	2,370,353	3,989,519
2032-2036	2,082,500	1,910,298	3,992,798
2037-2041	2,683,334	1,311,276	3,994,610
2042-2046	3,331,666	529,332	3,860,998
Total	\$ 10,774,167	\$ 8,257,096	\$ 19,031,263

ENVISION SCIENCE ACADEMY, INC.  
Notes to the Financial Statements  
June 30, 2022

5. Transfers

The School transferred \$800,423 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.

<b>Total Fund Balance</b>	<b>\$2,168,719</b>
<b>Less:</b>	
<b>Prepaid Items</b>	9,936
<b>Remaining Fund Balance</b>	<b>\$2,158,783</b>

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, 2022, 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, 2022, Envision Science Academy paid \$800,423 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, 2022**

	<u>Special Revenue Funds</u>
<b>Assets</b>	
Cash and cash equivalents	\$ -
Due from other governments	-
Total assets	<u>\$ -</u>
 <b>Liabilities and Fund Balances</b>	
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, 2022**

	Special Revenue Funds
Revenues:	
U.S. Government:	
Total	\$ 441,865
Donations	441,865
Other	-
Total	-
Total revenues	441,865
Expenditures:	
Current:	
Instructional programs:	
Regular programs	-
Special programs	441,865
Other	-
Total	441,865
Support services:	
Pupil services	
Instructional staff services	-
General administrative	-
School administrative	-
Club and activity expenditures	-
Total	-
Non-programmed charges:	
Other	-
Total	-
Total expenditures	441,865
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, 2022**

	Final Budget	Actual	Favorable (Unfavorable) Variance
Revenues:			
State Funding	\$ 4,805,394	\$ 4,804,752	\$ (642)
County Funding	2,158,114	2,161,044	2,930
Federal Funding	440,492	441,865	1,373
Donations	-	4,924	4,924
Rent	-	4,488	4,488
Others	58,562	55,588	(2,974)
Total revenues	<u>7,462,562</u>	<u>7,472,661</u>	<u>10,099</u>
Expenditures:			
Books & supplies	246,606	246,191	415
Technology	64,995	63,322	1,673
Personnel	5,158,638	5,153,806	4,832
Human Resources	166,750	165,566	1,184
Facilities	1,074,471	1,076,172	(1,701)
Utilities	80,838	80,622	216
Debt Service	-	-	-
Other	342,363	336,671	5,692
Capital purchases	-	-	-
Total expenditures	<u>7,134,661</u>	<u>7,122,350</u>	<u>12,311</u>
Other financing sources:			
Appropriated fund balance	(327,901)	-	327,901
Bond payable issued	-	-	-
Note payable issued	-	-	-
Total other financing sources	<u>(327,901)</u>	<u>-</u>	<u>327,901</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>350,311</u>	<u>\$ 350,311</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Capital outlay		103,758	
New debt issued		-	
Principal payments		240,000	
Depreciation		(332,319)	
Other reconciling items		1,649	
Change in net position - total primary government		<u>\$ 363,399</u>	



COMPLIANCE SECTION  
ENVISION SCIENCE ACADEMY, INC.  
WAKE FOREST, NORTH CAROLINA  
June 30, 2022

**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

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, 2022, 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 17, 2022.

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 17, 2022



**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

www.pmpcpa.com

*Memberships:*

North Carolina  
Association of  
Certified Public  
Accountants

American Institute  
of Certified Public  
Accountants

**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, 2022. 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, 2022.

**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 17, 2022

**ENVISION SCIENCE ACADEMY, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For The Year Ended June 30, 2022**

**SECTION I. – SUMMARY OF AUDITORS' RESULTS**

**Financial Statements**

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?                             yes                        X   no

Significant deficiency(ies) identified  
that are not considered to be  
material weaknesses?                             yes                        X   none reported

Noncompliance material to financial  
statements noted                             yes                        X   no

**State Awards**

Internal control over major State programs:

Material weakness(es) identified?                             yes                        X   no

Significant deficiency(ies) identified  
that are not considered to be  
material weaknesses?                             yes                        X   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, 2022**

**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, 2022**

**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, 2022**

There were no findings for the year ending June 30, 2021.

**ENVISION SCIENCE ACADEMY, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**For The Year Ended June 30, 2022**

GRANTOR/PASS-THROUGH GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	STATE/ PASS-THROUGH GRANTOR'S NUMBER	EXPENDITURES
<b>FEDERAL GRANTS:</b>			
<b>CASH ASSISTANCE:</b>			
<u>US Department of Education</u>			
Passed Through the NC Department of Public Instruction:			
<b>Special Education Cluster</b>			
IDEA VI-B Handicapped Grant	84.027	PRC 060	\$ 144,127
Children with Disabilities - Risk Pool	84.027	PRC 114	-
Special Needs Targeted Assistance	84.027	PRC 118	-
Total Special Education Cluster			<u>144,127</u>
Education for homeless Children & Youth	84.196	PRC 026	3,761
<b>COVID-19 Education Stabilization Fund - K12 Emergency Relief Fund</b>			
ESSER III - ARP IDEA 611 Grants to States	84.425D	PRC 185	27,616
ESSER I - Public School Unit Supplemental Funding	84.425D	PRC 164	5,818
Digital Curricula	84.425D	PRC 185	1,913
GEER I - Specialized Instructional Support	84.425C	PRC 169	17,628
GEER I - Supplemental Instructional Services	84.425C	PRC 170	930
ESSER II - Public School Unit Supplemental Funding	84.425D	PRC 172	67,191
ESSER II - Summer Career Accelerator Program	84.425D	PRC 177	5,102
ESSER III - Public School Unit Supplemental Funding	84.425U	PRC 182	96,829
ESSER III - Cyberbullying & Suicide Prevention	84.425D	PRC 192	7,225
ESSER III - Gaggle Grants	84.425D	PRC 193	2,365
ESSER III - Teacher Bonuses	84.425D	PRC 203	61,360
Total COVID-19 Education Stabilization Fund - K12 Emergency Relief Fund			<u>293,977</u>
Total U.S. Department of Education			<u>441,865</u>
<b>TOTAL FEDERAL CASH ASSISTANCE</b>			<u><b>441,865</b></u>
<b>STATE OF NORTH CAROLINA GRANTS</b>			
<b>CASH ASSISTANCE</b>			
<u>NC Department of Public Instruction</u>			
State Public School Funds (PRC 016 -- Summer Reading)		PRC 016	18,954
State Public School Funds (PRC 036 -- Charter School Funds)		PRC 036	4,662,215
State Public School Funds (PRC 048 -- Fourth Grade Reading Bonus)		PRC 048	1,938
State Public School Funds (PRC 141 -- Employee Bonuses)		PRC 141	121,645
Total State Public School Funds			<u>4,804,752</u>
<b>TOTAL FEDERAL AND STATE AWARDS</b>			<u><b>\$ 5,246,617</b></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, 2022 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.