

**Treasure Coast Classical Academy, Inc.**  
**A Charter School and Component Unit of the**  
**District School Board of Martin County, Florida**

**Financial Statements**  
**with Independent Auditor's Reports Thereon**

**June 30, 2021**



**McCRADY & ASSOCIATES**  
**CERTIFIED PUBLIC ACCOUNTANTS**

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## **TREASURE COAST CLASSICAL ACADEMY, INC. MANAGEMENT'S DISCUSSION AND ANALYSIS**

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Management of Treasure Coast Classical Academy, Inc. (the "School"), offers the following narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2021. Readers are encouraged to use this information in conjunction with information furnished in the School's financial statements. This summary should not be taken as a replacement for the audit, which consists of the basic financial statements and other supplemental information.

### **FINANCIAL HIGHLIGHTS**

- ❖ For the fiscal year ended June 30, 2021, the School's total revenues exceeded expenses by approximately \$185,000.
- ❖ For the fiscal year ended June 30, 2021, the School ended with a general fund balance of approximately \$1,103,000.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to School'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. 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 to enhance the reader's understanding of the financial condition of School. This document also includes the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*, as well as the management letter required by the Rules of the Auditor General, Chapter 10.850, Audits of Charter Schools and Similar Entities.

#### **Government-Wide Financial Statements**

The government-wide financial statements are designed to provide 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 the current year changes. The net position is the difference between the School's total assets and total liabilities. Measuring the net position is one way to evaluate the School's financial condition.

The government-wide statements are divided into three categories: 1) governmental activities, 2) business-type activities and 3) component units. The governmental activities include the School's basic services. The business-type activities are those that the School charges for certain services. For the year ended June 30, 2021, the School had no business-type activities or component units.

## **Fund Financial Statements**

The fund financial statements provide a more detailed look at the School's most significant activities. A fund is a group of related accounts used to maintain control over resources segregated for specific activities or objectives. All of the operations of the School are presented in governmental funds only.

## **Governmental Funds**

Governmental funds are used to account for those functions reported as governmental activities. 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 money left at year-end is available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting*. This method also has a current financial resources focus. As a result, the governmental fund financial statements provide a detailed short-term view of the financial resources available to finance the School's programs. The relationship between governmental 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.

The School adopts an annual budget for its general fund, as required by the Florida Statutes. The budget is legally adopted by management of the School and its Board. The budgetary comparison schedule has been included as part of the required supplementary information. The budgetary comparison schedule shows four columns: 1) the original budget as adopted by the Board, 2) the final budget as amended by the Board, 3) the actual resources, charges and ending balances in the general fund, and 4) the variance between the final budget and the actual resources and charges.

## **Notes to Financial Statements**

The notes to financial statements provide additional information essential to the full understanding of the information reported in the government-wide and fund financial statements. The notes to the financial statements start on page 15 of this report.

This report also includes the Independent Auditor's Report on Internal Control Over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*, as well as the management letter required by the Rules of the Auditor General, Chapter 10.850, *Audits of Charter Schools and Similar Entities*.

## GOVERNMENT-WIDE ANALYSIS OF THE SCHOOL

The School's combined net position as of June 30, 2021 and 2020, respectively, is summarized as follows:

|   | <b>Governmental<br/>Activities</b> |                       |                   |
|---|------------------------------------|-----------------------|-------------------|
| <b>Assets:</b>                                  | <b>2021</b>                        | <b>2020</b>           | <b>Change</b>     |
| Current assets                                  | \$ 1,818,331                       | \$ 1,673,881          | \$ 144,450        |
| Capital assets, net                             | 17,152,663                         | 17,051,300            | 101,363           |
| Total Assets                                    | <u>18,970,994</u>                  | <u>18,725,181</u>     | <u>245,813</u>    |
| <br>  |                                    |                       |                   |
| <b>Liabilities:</b>                             |                                    |                       |                   |
| Current liabilities                             | 715,478                            | 220,602               | 494,876           |
| Long-term liabilities                           | 19,850,000                         | 20,284,500            | (434,500)         |
| Total Liabilities                               | <u>20,565,478</u>                  | <u>20,505,102</u>     | <u>60,376</u>     |
| <br>  |                                    |                       |                   |
| <b>Net position:</b>                            |                                    |                       |                   |
| Invested in capital assets, net of related debt | (2,547,337)                        | (2,648,700)           | 101,363           |
| Restricted for:                                 |                                    |                       |                   |
| Capital projects                                | -                                  | 572,349               | (572,349)         |
| Debt projects                                   | 4,367                              | 191,523               | (187,156)         |
| Unrestricted                                    | 948,486                            | 104,907               | 843,579           |
| Total Net Position                              | <u>\$ (1,594,484)</u>              | <u>\$ (1,779,921)</u> | <u>\$ 185,437</u> |

The increase in current assets is due the receipt of government reimbursement revenue received to provide financial support for Covid-19 related expenses. The increase in capital assets is a result of the current year capital additions exceeding current depreciation expense. Current liabilities increased due to the timing of payments to the management company. Long-term liabilities decreased due to the forgiveness of the Paycheck Protection Program ("PPP") loan in fiscal year 2021. The changes within net position occurred due to the purchase of capital assets, increasing the net position-invested in capital assets, and the shift of forgiven PPP funds from restricted capital projects to unrestricted.

## Change in Net Position

The School's total expenses exceeded revenues by approximately \$399,000 in fiscal 2021—see table below.

|  | <b>Governmental Activities</b> |                       |                   |
|--|--------------------------------|-----------------------|-------------------|
|  | <u>2021</u>                    | <u>2020</u>           | <u>Change</u>     |
| <b>Revenue:</b>                                      |                                |                       |                   |
| Federal sources passed through local school district | \$ 723,741                     | \$ 591,365            | \$ 132,376        |
| State and local sources                              | 8,079,172                      | 4,339,322             | 3,739,850         |
| Contributions and other revenues                     | 585,292                        | 581,106               | 4,186             |
| Total revenues                                       | <u>9,388,205</u>               | <u>5,511,793</u>      | <u>3,876,412</u>  |
| <b>Expenses:</b>                                     |                                |                       |                   |
| Instruction  | 4,492,642                      | 3,183,830             | 1,308,812         |
| Pupil personnel services                             | 77,261                         | 26,406                | 50,855            |
| Instructional media services                         | 21,752                         | 1,454                 | 20,298            |
| Fiscal services                                      | 19,575                         | 38,352                | (18,777)          |
| Board  | 14,752                         | 1,073                 | 13,679            |
| General administration                               | 911,230                        | 671,334               | 239,896           |
| School administration                                | 1,349,254                      | 654,488               | 694,766           |
| Food services  | 318,058                        | 130,952               | 187,106           |
| Community services                                   | 83,126                         | 96,488                | (13,362)          |
| Operation of plant                                   | 1,093,290                      | 749,880               | 343,410           |
| Interest   | 1,390,250                      | 316,876               | 1,073,374         |
| Maintenance of plant                                 | 6,078                          | -                     | 6,078             |
| Debt issuance cost                                   | 10,000                         | 781,433               | (771,433)         |
| Total expenses                                       | <u>9,787,268</u>               | <u>6,652,566</u>      | <u>3,134,702</u>  |
| Net position   | <u>\$ (399,063)</u>            | <u>\$ (1,140,773)</u> | <u>\$ 741,710</u> |

The change in State and local sources revenue was due to increased FEFP funding which is a result of student enrollment increasing from 584 students in 2020 to 1,053 students in 2021. The increase in instruction and general administration is due to an increase in student enrollment. The increase in school administration is directly correlated to the increase in FEFP funding. The increase in interest expense is due to outstanding long-term liabilities. More detailed information about the School's long-term liabilities is presented in Note 4 to the financial statements.

## FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

### Governmental Funds

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

As the School completed the year, its governmental funds reported a combined fund balance of approximately \$950,000.

### General Fund Budgetary Highlights

During the fiscal year, the School made two amendments to its budget. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget once exact information is available; 2) amendments made to recognize changes in funding amounts; and 3) changes in appropriations that become necessary to maintain services.

In the general fund, actual revenues exceeded budgeted amounts by approximately \$531,000. Expenditures were approximately \$30,000 less than budgeted amounts.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

At the end of fiscal 2021, the School had invested approximately \$17,150,000 in capital assets, net of accumulated depreciation of approximately \$700,000.

|                                   | <u>2021</u>          | <u>2020</u>         | <u>Change</u>     |
|-----------------------------------|----------------------|---------------------|-------------------|
| Building                          | \$ 15,094,488        | \$ 14,619,277       | \$ 475,211        |
| Furniture, fixtures and equipment | 658,077              | 521,372             | 136,705           |
| Land                              | 2,099,084            | 2,099,084           | -                 |
| Less - accumulated depreciation   | <u>(698,986)</u>     | <u>(188,433)</u>    | <u>(510,553)</u>  |
| Total capital assets              | <u>\$ 17,152,663</u> | <u>\$17,051,300</u> | <u>\$ 101,363</u> |

More detailed information about the School's capital assets is presented in Note 3 to the financial statements.

## **Long-term Liabilities**

Long-term liabilities decreased approximately \$434,500 including the forgiveness of a PPP SBA loan. The school paid interest of approximately \$1,390,000 during fiscal year June 30, 2021. More detailed information about the School's long-term liabilities is presented in Note 4 to the financial statements.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

### **Budget Highlights for the Fiscal Year Ended June 30, 2022**

Amounts available for appropriation in the general fund are approximately \$10.8 million, an increase of approximately \$2.4 million over the actual 2021 amount. The change is due to a budgeted increase in student population as compared to the end of fiscal 2021.

Budgeted expenditures in the general fund are approximately \$9.4 million for 2022. The increase is primarily due to increased operation of plant expenses.

If these estimates are realized, the School's general fund balance is expected to increase in fiscal year ending June 30, 2022.

## **CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT**

This financial report is designed to provide interested parties with a general overview of the School's finances and to demonstrate the School's accountability for the money it receives. Should additional information be required, please contact the School's administrative offices at 1400 SE Cove Road Stuart FL, 34997.





McCRAZY & ASSOCIATES  
CERTIFIED PUBLIC ACCOUNTANTS

## **Independent Auditor's Report**

To the Board of Directors of Treasure Coast Classical Academy,  
a Charter School and Component Unit of the District  
School Board of Martin County, Florida

We have audited the accompanying financial statements of the governmental activities and each major fund of Treasure Coast Classical Academy, a Charter School and Component Unit of the District School Board of Martin County, Florida, (the "School") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School'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.

### **Auditor's 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. 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 opinion.

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the School, as of June 30, 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 and budgetary comparison information on pages 1 - 6 and 26 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.

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2021, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

*McCrary & Associates, PLLC*

Altamonte Springs, Florida  
September 22, 2021

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**TREASURE COAST CLASSICAL ACADEMY, INC**

**A Charter School and Component Unit of the  
District School Board of Martin County, Florida**

**Statement of Net Position**

**June 30, 2021**

|   | <u><b>Governmental<br/>Activities</b></u> |
|---|---|
| <b>Assets</b>                                   |   |
| Cash and cash equivalents                       | \$ 1,239,441                              |
| Restricted cash                                 | 117,797                                   |
| Due from other agencies                         | 448,205                                   |
| Other receivables                               | 10,055                                    |
| Other current assets                            | 2,833                                     |
| Capital assets:                                 |   |
| Land  | 2,099,084                                 |
| Buildings                                       | 15,094,488                                |
| Furniture, fixtures and equipment               | 658,077                                   |
| Less accumulated depreciation                   | <u>(698,986)</u>                          |
| Total capital assets, net                       | <u>17,152,663</u>                         |
| Total assets                                    | <u><u>\$ 18,970,994</u></u>               |
| <b>Liabilities</b>                              |   |
| Accounts payable and accrued expenses           | \$ 715,478                                |
| Long-term liabilities:                          |   |
| Portion due or payable within one year:         |   |
| Notes payable                                   | 150,000                                   |
| Portion due or payable after one year:          |   |
| Notes payable                                   | <u>19,700,000</u>                         |
| Total liabilities                               | <u>20,565,478</u>                         |
| <b>Net Position</b>                             |   |
| Invested in capital assets, net of related debt | (2,547,337)                               |
| Restricted for:                                 |   |
| Debt service                                    | 4,367                                     |
| Unrestricted                                    | <u>948,486</u>                            |
| Total net position                              | <u>(1,594,484)</u>                        |
| Total liabilities and net position              | <u><u>\$ 18,970,994</u></u>               |

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

**TREASURE COAST CLASSICAL ACADEMY, INC**

**A Charter School and Component Unit of the  
District School Board of Martin County, Florida**

**Statement of Activities**

**For the Year Ended June 30, 2021**

|                                   | Program Revenues    |                         |  | Net (Expenses) Revenues and<br>Changes in Net Position |                            |                       |
|-----------------------------------|---------------------|-------------------------|--|--|----------------------------|-----------------------|
|                                   | Expenses            | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions                 | Governmental<br>Activities | Total                 |
| Governmental Activities:          |                     |                         |  |  |                            |                       |
| Instruction                       | \$ 4,492,642        | \$ -                    | \$ 404,279                               | \$ -   | \$ (4,088,363)             | \$ (4,088,363)        |
| Pupil personnel services          | 77,261              | -                       | -  | -  | (77,261)                   | (77,261)              |
| Instructional staff training      | 21,752              | -                       | -  | -  | (21,752)                   | (21,752)              |
| Board                             | 14,752              | -                       | -  | -  | (14,752)                   | (14,752)              |
| General administration            | 911,230             | -                       | -  | -  | (911,230)                  | (911,230)             |
| School administration             | 1,349,254           | -                       | -  | -  | (1,349,254)                | (1,349,254)           |
| Fiscal services                   | 19,575              | -                       | -  | -  | (19,575)                   | (19,575)              |
| Food services                     | 318,058             | 81,692                  | 319,462                                  | -  | 83,096                     | 83,096                |
| Operation of plant                | 1,093,290           | -                       | -  | -  | (1,093,290)                | (1,093,290)           |
| Maintenance of plant              | 6,078               | -                       | -  | -  | (6,078)                    | (6,078)               |
| Community services                | 83,126              | -                       | -  | -  | (83,126)                   | (83,126)              |
| Interest                          | 1,390,250           | -                       | -  | -  | (1,390,250)                | (1,390,250)           |
| Debt issuance cost                | 10,000              | -                       | -  | -  | (10,000)                   | (10,000)              |
| <b>Total primary government</b>   | <b>\$ 9,787,268</b> | <b>\$ 81,692</b>        | <b>\$ 723,741</b>                        | <b>\$ -</b>  | <b>(8,981,835)</b>         | <b>(8,981,835)</b>    |
| General revenues:                 |                     |                         |  |  |                            |                       |
| State and local sources           |                     |                         |  |  | 8,079,172                  | 8,079,172             |
| Contributions and other revenues  |                     |                         |  |  | 503,600                    | 503,600               |
| Gain of the forgiveness of debt   |                     |                         |  |  | 584,500                    | 584,500               |
| <b>Total general revenues</b>     |                     |                         |  |  | <b>9,167,272</b>           | <b>9,167,272</b>      |
| Changes in net position           |                     |                         |  |  | 185,437                    | 185,437               |
| Net position at beginning of year |                     |                         |  |  | (1,779,921)                | (1,779,921)           |
| Net position at end of year       |                     |                         |  |  | <b>\$ (1,594,484)</b>      | <b>\$ (1,594,484)</b> |

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

**TREASURE COAST CLASSICAL ACADEMY, INC**

**A Charter School and Component Unit of the  
District School Board of Martin County, Florida**

**Balance Sheet - Governmental Funds**

**June 30, 2021**

|                                       | <b>General<br/>Fund</b> | <b>Debt<br/>Service<br/>Fund</b> | <b>Total<br/>Governmental<br/>Funds</b> |
|---------------------------------------|-------------------------|----------------------------------|---|
| <b>Assets</b>                         |                         |                                  |   |
| Cash and cash equivalents             | \$ 1,239,441            | \$ -                             | \$ 1,239,441                            |
| Restricted cash                       | 113,430                 | 4,367                            | 117,797                                 |
| Due from other agencies               | 448,205                 | -                                | 448,205                                 |
| Other receivables                     | 10,055                  | -                                | 10,055                                  |
| Other assets                          | 2,833                   | -                                | 2,833                                   |
| Total assets                          | <u>\$ 1,813,964</u>     | <u>\$ 4,367</u>                  | <u>\$ 1,818,331</u>                     |
| <br><b>Liabilities</b>                |                         |                                  |   |
| Accounts payable and accrued expenses | \$ 715,478              | \$ -                             | \$ 715,478                              |
| Total liabilities                     | <u>715,478</u>          | <u>-</u>                         | <u>715,478</u>                          |
| <br><b>Fund Balance</b>               |                         |                                  |   |
| Restricted:                           |                         |                                  |   |
| Interest fund                         | -                       | 4,367                            | 4,367                                   |
| Nonspendable:                         |                         |                                  |   |
| Other assets                          | 2,833                   | -                                | 2,833                                   |
| Spendable:                            |                         |                                  |   |
| Unassigned                            | 1,095,653               | -                                | 1,095,653                               |
| Total fund balance                    | <u>1,098,486</u>        | <u>4,367</u>                     | <u>1,102,853</u>                        |
| Total liabilities and fund balance    | <u>\$ 1,813,964</u>     | <u>\$ 4,367</u>                  | <u>\$ 1,818,331</u>                     |

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

**TREASURE COAST CLASSICAL ACADEMY, INC**

**A Charter School and Component Unit of the  
District School Board of Martin County, Florida**

**Reconciliation of the Governmental Funds Balance Sheet  
to the Statement of Position**

**June 30, 2021**

**Total fund balance - general fund** **\$ 1,102,853**

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. The cost of the assets at year end consisted of:

|                          |            |
|--------------------------|------------|
| Capital assets           | 17,851,649 |
| Accumulated depreciation | (698,986)  |

Long-term liabilities, including notes payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year end consist of:

|               |                     |
|---------------|---------------------|
| Notes payable | <u>(19,850,000)</u> |
|---------------|---------------------|

**Total net position - governmental activities** **\$ (1,594,484)**

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

**TREASURE COAST CLASSICAL ACADEMY, INC**

**A Charter School and Component Unit of the  
District School Board of Martin County, Florida**

**Statement of Revenues, Expenditures and  
Changes in Fund Balances of Governmental Funds**

**For the Year Ended June 30, 2021**

|  | <u>General<br/>Fund</u> | <u>Capital<br/>Projects<br/>Fund</u> | <u>Special<br/>Revenue<br/>Fund</u> | <u>Debt<br/>Service<br/>Fund</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|--|-------------------------|--------------------------------------|-------------------------------------|----------------------------------|---|
| <b>Revenues</b>                                      |                         |                                      |                                     |                                  |   |
| Federal sources passed through local school district | \$ -                    | \$ -                                 | \$ 723,741                          | \$ -                             | \$ 723,741                              |
| State and local sources                              | 8,079,172               | -                                    | -                                   | -                                | 8,079,172                               |
| Contributions and other revenues                     | 503,600                 | -                                    | 81,692                              | -                                | 585,292                                 |
| Total revenues                                       | <u>8,582,772</u>        | <u>-</u>                             | <u>805,433</u>                      | <u>-</u>                         | <u>9,388,205</u>                        |
| <b>Expenditures</b>                                  |                         |                                      |                                     |                                  |   |
| Current:   |                         |                                      |                                     |                                  |   |
| Instruction  | 3,967,465               | -                                    | 404,279                             | -                                | 4,371,744                               |
| Pupil personnel services                             | 77,261                  | -                                    | -                                   | -                                | 77,261                                  |
| Instructional staff training                         | 21,752                  | -                                    | -                                   | -                                | 21,752                                  |
| Board  | 14,752                  | -                                    | -                                   | -                                | 14,752                                  |
| General administration                               | 911,230                 | -                                    | -                                   | -                                | 911,230                                 |
| School administration                                | 1,347,194               | -                                    | -                                   | -                                | 1,347,194                               |
| Fiscal services                                      | 19,575                  | -                                    | -                                   | -                                | 19,575                                  |
| Food services  | -                       | -                                    | 317,960                             | -                                | 317,960                                 |
| Operation of plant                                   | 705,793                 | -                                    | -                                   | -                                | 705,793                                 |
| Maintenance of plant                                 | 6,078                   | -                                    | -                                   | -                                | 6,078                                   |
| Community services                                   | 83,126                  | -                                    | -                                   | -                                | 83,126                                  |
| Debt service:  |                         |                                      |                                     |                                  |   |
| Principal  | -                       | -                                    | -                                   | 100,000                          | 100,000                                 |
| Interest   | -                       | -                                    | -                                   | 1,390,250                        | 1,390,250                               |
| Debt issuance costs                                  | -                       | -                                    | -                                   | 10,000                           | 10,000                                  |
| Capital outlay                                       | -                       | 611,916                              | -                                   | -                                | 611,916                                 |
| Total expenditures                                   | <u>7,154,226</u>        | <u>611,916</u>                       | <u>722,239</u>                      | <u>1,500,250</u>                 | <u>9,988,631</u>                        |
| Excess (deficiencies) of revenue over expenditures   | <u>1,428,546</u>        | <u>(611,916)</u>                     | <u>83,194</u>                       | <u>(1,500,250)</u>               | <u>(600,426)</u>                        |
| <b>Other Financing Sources (Uses)</b>                |                         |                                      |                                     |                                  |   |
| Proceeds from issuance of debt                       | 250,000                 | -                                    | -                                   | -                                | 250,000                                 |
| Operating transfer in                                | 83,194                  | 39,568                               | -                                   | 1,313,094                        | 1,435,856                               |
| Operating transfer out                               | (1,352,662)             | -                                    | (83,194)                            | -                                | (1,435,856)                             |
| Total other financing sources                        | <u>(1,019,468)</u>      | <u>39,568</u>                        | <u>(83,194)</u>                     | <u>1,313,094</u>                 | <u>250,000</u>                          |
| Net changes in fund balance                          | 409,078                 | (572,348)                            | -                                   | (187,156)                        | (350,426)                               |
| Fund balance at beginning of year                    | 689,408                 | 572,348                              | -                                   | 191,523                          | 1,453,279                               |
| Fund balance at end of year                          | <u>\$ 1,098,486</u>     | <u>\$ -</u>                          | <u>\$ -</u>                         | <u>\$ 4,367</u>                  | <u>\$ 1,102,853</u>                     |

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

**TREASURE COAST CLASSICAL ACADEMY, INC**

**A Charter School and Component Unit of the  
District School Board of Martin County, Florida**

**Reconciliation of the Statement of Revenues, Expenditures and  
Changes in Fund Balances of Governmental Funds  
to the Statement of Activities**

**For the Year Ended June 30, 2021**

**Net changes in fund balance - governmental funds** \$ (350,426)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount incurred in the current period:

|                      |           |
|----------------------|-----------|
| Capital outlay       | 611,916   |
| Depreciation expense | (510,553) |

Proceeds from issuance of long-term debt are reported as an other financial source in the governmental funds. However, in the statement of net position, the amount of funds borrowed is reported as an increase in long-term debt liabilities. (250,000)

Principal payments on long-term debt are expenditures in the governmental funds, but the repayments reduce long-term liabilities in the statement of net position. 100,000

Extinguishment of long-term debt is recorded as other income on the Statement of Activities, but recorded as an other financial sources in the governmental funds in the fiscal year awarded. This amount is the extinguishment of the long-term liabilities in the current period

|  |                |
|--|----------------|
|  | <u>584,500</u> |
|--|----------------|

**Change in net position of governmental activities** \$ 185,437

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



# TREASURE COAST CLASSICAL ACADEMY

## A Charter School and Component Unit of the District School Board of Martin County, Florida

### Notes to Financial Statements

For the Year Ended June 30, 2021

#### 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### Organization

Treasure Coast Classical Academy (the "School"), is a not-for-profit corporation that operates under a charter approved by the sponsoring district, the District School Board of Martin County Florida (the "School Board"). The governing body of the School is the Board of Directors of School, which is composed of at least three members.

##### Charter Contract

The School operates under a charter effective July 1, 2019 which had an expiration date of June 24, 2024. Upon the expiration of the charter, the School Board may elect not to renew the charter under grounds specified in the charter. In this case, the School Board is required to notify the School in writing at least 90 days prior to the charter's expiration. However, the School Board may terminate the current charter at any time if good cause is shown. In the event of termination of the charter, any property purchased by the School with public funds and any unencumbered public funds revert to the School Board.

##### Basis of Presentation

Based on the guidance provided in the American Institute of Certified Public Accountants Audit and Accounting Guide – *Audits for States and Local Governments* and provisions in the Florida Statutes, the School is considered as a governmental organization for financial statement reporting purposes. The School is required by its agreement with the School Board to use the governmental reporting model and follow the fund and accounting structure provided in the "Financial and Program Cost Accounting and Reporting for Florida Schools – The Red Book" issued by the FDOE.

##### Government-Wide Financial Statements

The government-wide financial statements provide both short-term and long-term information about the School in a manner similar to those of a private-sector business. The statement of net position and statement of activities are designed to provide financial information as a whole about the School on an accrual basis of accounting. The statement of net position provides information about the School's financial position, its assets and liabilities, using an economic resources measurement focus.

The statement of activities presents a comparison between direct expenses and program revenue for each function or program of the School's governmental activities. Direct expenses are those that are specifically associated with a program or function, therefore, are clearly identifiable to a particular function.

# TREASURE COAST CLASSICAL ACADEMY

## A Charter School and Component Unit of the District School Board of Martin County, Florida

### Notes to Financial Statements (continued)

Program revenues include charges paid by the recipient for goods and services offered by the program, grants and contributions restricted for meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenue.

#### Fund Financial Statements

The governmental fund financial statements report detailed information about the School's most significant funds, not the School as a whole. A fund is a group of related accounts used to maintain control over resources segregated for specific activities or objectives. The School uses fund accounting to ensure and demonstrate compliance with finance related requirements. Certain funds are established by law while others are created by grant agreements. The following are major individual governmental funds reported in the fund financial statements:

- General Fund – is the School's primary operating fund that accounts for all financial resources of the school, except those required to be accounted for in another fund.
- Capital Projects Fund – to account for all resources for the acquisition of capital items by the School purchased with capital outlay funds.
- Debt Service Fund – to account for the accumulation of resources for, and payment of general long-term debt principal, interest, and related costs.
- Special Revenue Fund – to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for a specific purpose.

For the purpose of these statements, the general, special revenue, capital projects fund and debt service funds are considered major funds.

#### Basis of Accounting

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

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

Governmental fund financial statements are reported using the modified accrual basis of accounting. Under this method, revenues, except for certain grant revenues, are recognized when they become measurable and available. Revenues are considered to be available when they are collectable within a current period. The School considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for Federal, State, and other grant resources, revenues are recognized at the time the expenditure is made. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized when due.

**TREASURE COAST CLASSICAL ACADEMY**

**A Charter School and Component Unit of the  
District School Board of Martin County, Florida**

**Notes to Financial Statements  
(continued)**

General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisition of capital leases are reported as other financing sources.

**Budgetary Basis Accounting**

Budgets are prepared using the modified accrual basis of accounting and the governing board must approve all budgets and amendments. During the fiscal year, expenditures were controlled at the object level. Budgets may be amended by resolution of the Board prior to the date of the annual report.

**Cash and Cash Equivalents**

The School's cash and cash equivalents consist primarily of demand deposits with financial institutions.

For the year ended June 30, 2021, the School had restricted cash of approximately \$118,000 which includes amounts that have been received but not yet expended for which there are donor imposed restrictions.

The School maintains its cash with primarily one financial institution. This account totals approximately \$1,240,000 of which approximately \$990,000 of these deposits are in excess of the FDIC insurance limits of \$250,000. The School has not experienced any losses associated with these accounts.

**Capital Assets and Depreciation**

The School's capital assets with useful lives of more than one year are stated at historical cost and reported in the statement of net position in the government-wide financial statements. Donated capital assets are recorded at their estimated fair value on the date of donation. The School capitalizes assets with a cost of \$750 or more. Expenditures of normal maintenance and repair that do not add to the assets value or extend the useful lives are not capitalized. Depreciation is computed using the straight-line method. Estimated useful lives of the assets are as follows:

|                                   | <u>Years</u> |
|-----------------------------------|--------------|
| Building                          | 40           |
| Leasehold improvements            | 10           |
| Furniture, fixtures and equipment | 3-7          |

**Interfund Transfers**

The School reports its general fund, capital projects fund, special revenue fund and debt service fund as major funds. For the year ended June 30, 2021, the general fund transferred approximately \$1,313,000 to the debt service fund for debt service payments and approximately \$40,000 to the capital projects fund for capital outlay. The special revenue fund transferred approximately \$83,000 to the general fund.

**TREASURE COAST CLASSICAL ACADEMY**

**A Charter School and Component Unit of the  
District School Board of Martin County, Florida**

**Notes to Financial Statements  
(continued)**

**Net Position and Fund Balance Classifications**

*Government-Wide financial statements*

Net Position is classified and reported in three components:

- Investment in capital assets, net of related debt – consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributed to the acquisition or improvement of those assets.
- Restricted – consists of amounts with constraints placed on their use either by external groups such as creditors, grantors, contributors or laws or regulations of other governments.
- Unrestricted – all other amounts that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

*Fund financial statements*

GASB Codification Section 1800.142, *Fund Balance Reporting and Governmental Fund Type Definitions*, defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB requires the fund balance amounts to be reported within one of the following fund balance categories:

- Nonspendable – fund balance associated with inventories, prepaid expenses, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed or assigned). All nonspendable fund balances at year end relate to assets that are in not spendable form.
- Restricted – fund balance category includes amounts that can be spent only for the specific purposes stipulated by the constitution, external resource providers, or through enabling legislation.
- Committed – fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School’s Board of Governance.
- Assigned – fund balance classification includes amounts that are intended to be used by the School’s management for specific purposes but do not meet the criteria to be classified as restricted or committed.
- Unassigned – fund balance that is the residual amount for the School’s general fund and includes all spendable amounts not contained in the other classifications.

This statement also clarifies the definition of the special revenue fund to denote that the special revenue may be used to account for the proceeds of specific revenue sources (other than trust for individual, private organizations or other governmental or for major capital projects) legally restricted to expenditures for specified purposes.

**TREASURE COAST CLASSICAL ACADEMY**

**A Charter School and Component Unit of the  
District School Board of Martin County, Florida**

**Notes to Financial Statements  
(continued)**

**Order of Fund Balance Spending Policy**

The School's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year. First, non-spendable fund balances are determined. Then restricted fund balances for specific purposes are determined (not including non-spendable amounts). Any remaining fund balance amounts for the non-general funds are classified as restricted fund balance. It is possible for non-general funds to be classified as restricted fund balance. It is also possible for the non-general funds to have negative unassigned fund balance when non-spendable amounts plus the restricted fund balances for specific purposes amounts exceed the positive fund balance for the non-general fund.

**Revenue Sources**

Revenues for operations are provided primarily from the District School Board of Martin County, Florida pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Section 1002.22, Florida Statutes, the School reports the number of full-time equivalent (FTE) students and related data to the School District. The School Board receives a 5% administrative fee from the School, which is withheld from the respective Florida Education Finance Program (FEFP) payments. The administrative expense is reflected as a general administration expense/expenditure in the accompanying statement of activities and statement of revenues, expenditures and changes in fund balances – governmental funds. The administrative fee is calculated on the FEFP revenue up to 250 students.

Under provisions of Section 1011.62, Florida Statutes, the District reports the number of students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program (FEFP). Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the FEFP and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey period. The FDOE may also adjust subsequent fiscal period allocations based on an audit of the School's compliance in determining and reporting FTE and related data. Generally, such adjustments are treated as reductions or additions of revenues in the year when the adjustments are made.

The basic amount of funding through the FEFP under Section 1011.62 is calculated based on (1) unweighted FTE, multiplied by (2) the cost factor for each program multiplied by (3) the base student allocation established by the Florida legislature. Additional funds for exceptional students who do not have a matrix of services are provided through the guaranteed allocation designated in Section 1011.62(1)(e)2., Florida Statutes. For the year ended June 30, 2021, the School reported 1,053 unweighted FTE.

The School received additional funding under other federal and state grants. This assistance is generally received based on applications submitted to various granting agencies. For federal and state grants in which funding is awarded based on incurring eligible expenditures, revenue is recognized as the amount of eligible expenditures have been incurred.

**TREASURE COAST CLASSICAL ACADEMY**

**A Charter School and Component Unit of the  
District School Board of Martin County, Florida**

**Notes to Financial Statements  
(continued)**

**Use of Estimates**

In preparing the financial statements in conformity with accounting principles generally accepted in the United States, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the balance sheet and revenues and expenses/expenditures for the period presented. Actual results could differ significantly from those estimates.

**Recently Issued Accounting Pronouncements**

In January 2017, the GASB issued Statement No. 84, Fiduciary Activities, which provides additional clarity and improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. Fiduciary activities include the cumulative effect of any changes adopted to conform to the provisions of this guidance would be reported as a restatement of beginning net position and fund balance. The School did not identify fiduciary activities that would materially affect financial statements for this reporting period. The effective implementation date is June 30, 2021.

In June 2017, the GASB issued Statement No. 87, Leases. This pronouncement requires recognition and reporting of certain lease assets and liabilities for leases that previously were classified as operating leases. Under this pronouncement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, thereby enhancing the relevance and consistency of information about a school's leasing activities. The cumulative effect of any changes implemented to conform to this pronouncement would be reported as a restatement of beginning net position and fund balance. The School is currently evaluating the effect that implementation of the new standard will have on its financial statements. The effective implementation date is June 30, 2021.

The GASB issued in April 2018, Statement No 88, Postponement of the Effective Dates of Certain Authoritative Guidance, this requirement will improve financial reporting by providing users of financial statements with essential information that currently is not consistently provided. The School will continue to evaluate these pronouncements with their current situation.

In June 2018, the GASB issued Statement No. 89, Certain disclosures related to debt, including direct borrowings and direct placement. GASB would now require interest costs incurred during the construction period to be recognized as an expense in the period in which the cost is incurred under the economic resource measurement focus. The effective implementation date is June 30, 2021.

The GASB issued in May 2020, Statement No 95, Postponement of the Effective Dates of Certain Authoritative Guidance, due to the ramifications of the Pandemic this pronouncement was effective immediately upon issuance. The School will continue to evaluate these pronouncements with their current situation.

**TREASURE COAST CLASSICAL ACADEMY**

**A Charter School and Component Unit of the  
District School Board of Martin County, Florida**

**Notes to Financial Statements  
(continued)**

**2 FAIR VALUE MEASUREMENTS**

Accounting principles generally accepted in the United States (GAAP) define fair value for an investment generally as the price an organization would receive upon selling the investment in an orderly transaction to an independent buyer in the principal or most advantageous market for the investment. The information available to measure fair value varies depending on the nature of each investment and its market or markets. Accordingly, GAAP recognizes a hierarchy of "inputs" an organization may use in determining or estimating fair value. The inputs are categorized into "levels" that relate to the extent to which an input is objectively observable and the extent to which markets exist for identical or comparable investments. In determining or estimating fair value, an organization is required to maximize the use of observable market data (to the extent available) and minimize the use of unobservable inputs. The hierarchy assigns the highest priority to unadjusted quoted prices in active markets for identical items (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

The fair value hierarchy distinguishes between independent observable inputs and unobservable inputs used to measure fair value as follows:

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

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

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

This statement requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. The School's significant financial instruments are cash, accounts receivable, accounts payable, short term borrowings, and other short term assets and liabilities. For these financial instruments (level 1), carrying values approximate fair value because of the short maturity of these instruments.

**TREASURE COAST CLASSICAL ACADEMY**

**A Charter School and Component Unit of the  
District School Board of Martin County, Florida**

**Notes to Financial Statements  
(continued)**

**3 CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2021 was as follows:

|   | <u>Beginning<br/>Balance</u> | <u>Additions</u>  | <u>Disposals</u> | <u>Ending<br/>Balance</u> |
|---|------------------------------|-------------------|------------------|---------------------------|
| <b>Capital assets:</b>                                |                              |                   |                  |                           |
| Land  | \$ 2,099,084                 | \$ -              | \$ -             | \$ 2,099,084              |
| Buildings   | 14,619,277                   | 475,211           | -                | 15,094,488                |
| Furniture, fixtures and<br>equipment                  | 521,372                      | 136,705           | -                | 658,077                   |
| Total capital assets                                  | <u>17,239,733</u>            | <u>611,916</u>    | <u>-</u>         | <u>17,851,649</u>         |
| <b>Accumulated depreciation:</b>                      |                              |                   |                  |                           |
| Buildings   | (77,188)                     | (377,667)         | -                | (454,855)                 |
| Furniture, fixtures and<br>equipment                  | (111,245)                    | (132,886)         | -                | (244,131)                 |
| Total accumulated depreciation                        | <u>(188,433)</u>             | <u>(510,553)</u>  | <u>-</u>         | <u>(698,986)</u>          |
| Capital assets, net                                   | <u>\$ 17,051,300</u>         | <u>\$ 101,363</u> | <u>\$ -</u>      | <u>\$ 17,152,663</u>      |
| <b>Depreciation expense:</b>                          |                              |                   |                  |                           |
| Instruction   |                              | \$ 120,898        |                  |                           |
| Administration  |                              | 2,060             |                  |                           |
| Food service  |                              | 98                |                  |                           |
| Operation of plant                                    |                              | 387,497           |                  |                           |
| Total governmental activities<br>depreciation expense |                              | <u>\$ 510,553</u> |                  |                           |



**TREASURE COAST CLASSICAL ACADEMY**

**A Charter School and Component Unit of the  
District School Board of Martin County, Florida**

**Notes to Financial Statements  
(continued)**

**4 LONG-TERM LIABILITIES**

The School's long-term note payables as described below:

In June 2019, the School entered into a loan agreement with Capital Trust Agency, ("Agency"). The Agency has agreed to issue bonds, ("Series 2019A and Series 2019B") in the aggregate amount of \$19,700,000 for the Treasure Coast Classical Academy, Inc. Project, ("The Project"). The Series 2019 project consist of the construction of an educational facility to be used by the School. The loan agreement was funded by the issuance of:

Series 2019A Bonds - principal amount of \$18,575,000, accrues interest at 7% and matures June 2049. Principal redemption payments commence June 2028 at \$120,000 with principal escalation every 6 months through maturity. The Bond has a balloon payment of approximately \$7.5 million on its maturity date.

Series 2019B Bond - principal balance of \$1,125,000, accrues interest at 8% and matures December 2027. Monthly principal redemption payments commence December 2022 at \$55,000 with principal escalation every 6 months through maturity.

\$ 19,700,000

Unsecured note payable. Principal payments of \$75,000 are due on December 15, 2021 and at the loans maturity date of June 15, 2022.

150,000

\$ 19,850,000

The following is a summary of changes in the note payable for the year ended June 30, 2021

|  |                      |
|--|----------------------|
| Balance outstanding at the beginning of the year | \$ 20,284,500        |
| Additions  | 250,000              |
| Reductions                                       | <u>(684,500)</u>     |
| Balance outstanding at the end of the year       | <u>\$ 19,850,000</u> |

**TREASURE COAST CLASSICAL ACADEMY**

**A Charter School and Component Unit of the  
District School Board of Martin County, Florida**

**Notes to Financial Statements  
(continued)**

Future debt service related to the long-term liabilities is as follows as of June 30, 2021:

| Year ended June 30, | <u>Principal</u>    | <u>Interest</u>      | <u>Total</u>         |
|---------------------|---------------------|----------------------|----------------------|
| 2022                | \$ -                | \$ 1,390,250         | \$ 1,390,250         |
| 2023                | 120,000             | 1,388,050            | 1,508,050            |
| 2024                | 185,000             | 1,376,850            | 1,561,850            |
| 2025                | 205,000             | 1,361,850            | 1,566,850            |
| 2026                | 225,000             | 1,345,050            | 1,570,050            |
| 2027-2031           | 1,315,000           | 6,440,850            | 7,755,850            |
| 2032-2036           | 1,795,000           | 5,912,375            | 7,707,375            |
| 2037-2041           | 2,515,000           | 5,179,125            | 7,694,125            |
| 2042-2046           | 3,565,000           | 4,143,650            | 7,708,650            |
| 2047-2049           | 9,775,000           | 1,818,425            | 11,593,425           |
| Total               | <u>\$ 19,700,00</u> | <u>\$ 30,356,475</u> | <u>\$ 50,056,475</u> |

**5 SCHEDULE OF STATE AND LOCAL REVENUE SOURCES**

**District School Board of Martin County, Florida:**

|                                    |                     |
|------------------------------------|---------------------|
| Florida Education Finance Program  | \$ 4,915,963        |
| Class size reduction               | 1,262,901           |
| Discretionary local effort         | 1,012,665           |
| Supplemental academic instruction  | 230,658             |
| Teacher salary increase allocation | 187,730             |
| ESE guaranteed allocation          | 173,958             |
| Instructional materials            | 82,233              |
| Safe schools                       | 69,200              |
| Reading allocation                 | 51,071              |
| Additional voter millage           | 42,118              |
| Mental health assistance           | 41,235              |
| Security grant                     | 25,325              |
| Digital classroom allocation       | 6,099               |
| Proration to funds available       | (21,984)            |
| Total                              | <u>\$ 8,079,172</u> |

The administrative fee paid to the School Board during the year ended June 30, 2021 totaled approximately \$96,000, which is reflected as a general administration expense/expenditure in the accompanying statement of activities and statement of revenues, expenditures and changes in fund – governmental funds.

**TREASURE COAST CLASSICAL ACADEMY**

**A Charter School and Component Unit of the  
District School Board of Martin County, Florida**

**Notes to Financial Statements  
(continued)**

**6 RISK MANAGEMENT PROGRAM**

Workers' compensation coverage, health and hospitalization, general liability, professional liability and property coverage are being provided through purchased commercial insurance with minimum deductibles for each line of coverage. Settled claims resulting from these risks have not historically exceeded commercial coverage.

**7 COMMITMENTS AND CONTINGENT LIABILITIES**

GASB issued in May 2020, Statement No 95, Postponement of the Effective Dates of Certain Authoritative Guidance, due to the ramifications of the Pandemic. This pronouncement was effective immediately upon issuance. The School will continue to evaluate these pronouncements with their current situation.

**Grants**

The School participates in state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the School has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at year end may be impaired.

Management believes there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

**Legal matters**

In the normal course of conducting its operations, the School occasionally becomes party to various legal actions and proceedings. If necessary, the School retains legal representation to address any such legal matters or proceedings. In the opinion of management and the School, if there are ongoing legal actions or proceedings, the ultimate resolution of such legal matters should not have a significant adverse effect on the accompanying financial statements.

**8 INCOME TAXES**

The School qualifies as a tax-exempt organization under Internal Revenue Code Section 501(c)(3), and is therefore, exempt from income taxes. Accordingly, no tax provision has been made in the accompanying financial statements. Additionally, no uncertain tax positions have been made requiring disclosure in the related notes to the financial statements. The School's income tax returns for 2019 and 2018 are subject to examination by tax authorities.

**TREASURE COAST CLASSICAL ACADEMY**

**A Charter School and Component Unit of the  
District School Board of Martin County, Florida**

**Notes to Financial Statements  
(continued)**

**9 SUBSEQUENT EVENTS**

In accordance with GASB Codification Section 2250.106, the School has evaluated subsequent events and transactions for potential recognition or disclosure through September 22, 2021 which is the date the financial statements were available to be issued.

Management continues to evaluate the ongoing impact of the COVID-19 pandemic on the industry. The School has concluded that it is reasonably possible that the ongoing pandemic could have a negative impact on its financial position and results of operations, however, any possible impact is not readily determinable as of the date of these financial statements. The School has not recognized any provisions for possible ongoing impact in these financial statements.

**TREASURE COAST CLASSICAL ACADEMY, INC**

**A Charter School and Component Unit of the  
District School Board of Martin County, Florida**

**Required Supplementary Information**

**Budgetary Comparison Schedule - General Fund**

**For the Year Ended June 30, 2021**

|   | <b>Budgeted Amounts</b> |                   | <b>Actual</b>       | <b>Variance</b>   |
|---|-------------------------|-------------------|---------------------|-------------------|
|   | <b>Original</b>         | <b>Final</b>      |                     |                   |
| <b>REVENUES</b>                                     |                         |                   |                     |                   |
| State and local sources                             | \$ 7,513,525            | \$ 7,513,524      | \$ 8,079,172        | \$ 565,648        |
| Contributions and other revenue                     | 718,678                 | 538,078           | 503,600             | (34,478)          |
| Total revenues                                      | <u>8,232,203</u>        | <u>8,051,602</u>  | <u>8,582,772</u>    | <u>531,170</u>    |
| <b>EXPENDITURES</b>                                 |                         |                   |                     |                   |
| Current:  |                         |                   |                     |                   |
| Instruction   | 4,167,757               | 4,167,757         | 3,967,465           | (200,292)         |
| Pupil personnel services                            | 85,708                  | 85,708            | 77,261              | (8,447)           |
| Instructional staff training                        | 46,865                  | 46,865            | 21,752              | (25,113)          |
| Board   | 10,918                  | 10,918            | 14,752              | 3,834             |
| General administration                              | 930,249                 | 930,249           | 911,230             | (19,019)          |
| School administration                               | 1,299,678               | 1,299,678         | 1,347,194           | 47,516            |
| Fiscal services                                     | 37,200                  | 37,200            | 19,575              | (17,625)          |
| Operation of plant                                  | 605,672                 | 605,672           | 705,793             | 100,121           |
| Maintenance of plant                                | 6,695                   | 6,695             | 6,078               | (617)             |
| Community services                                  | 147,219                 | 147,219           | 83,126              | (64,093)          |
| Total expenditures                                  | <u>7,337,961</u>        | <u>7,337,961</u>  | <u>7,154,226</u>    | <u>(183,735)</u>  |
| Excess (deficiency) of revenue<br>over expenditures | <u>894,242</u>          | <u>713,641</u>    | <u>1,428,546</u>    | <u>714,905</u>    |
| <b>Other Financing Sources (Uses)</b>               |                         |                   |                     |                   |
| Proceeds from issuance of debt                      | -                       | 250,000           | 250,000             | -                 |
| Operating transfer in                               | -                       | -                 | 83,194              | 83,194            |
| Operating transfer out                              | (1,025,325)             | (1,122,749)       | (1,352,662)         | (229,913)         |
| Total other financing sources                       | <u>(1,025,325)</u>      | <u>(872,749)</u>  | <u>(1,019,468)</u>  | <u>(146,719)</u>  |
| Net change in fund balance                          | (131,083)               | (159,108)         | 409,078             | 568,186           |
| Fund balance at beginning of year                   | 689,408                 | 689,408           | 689,408             | -                 |
| Fund balance at end of year                         | <u>\$ 558,325</u>       | <u>\$ 530,300</u> | <u>\$ 1,098,486</u> | <u>\$ 568,186</u> |

See report of independent auditors.



McCRAZY & ASSOCIATES  
CERTIFIED PUBLIC ACCOUNTANTS

**Independent Auditor's Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters Based  
On an Audit of Financial Statements Performed in Accordance  
With Government Auditing Standards**

To the Board of Directors of Treasure Coast Classical Academy.  
A Charter School and Component Unit of the District  
School Board of Martin County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Treasure Coast Classical Academy. (the "School"), a charter school and component unit of the District School Board of Martin County, Florida, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated September 22, 2021.

**Internal Control Over Financial Reporting**

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

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

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

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. We do not have the ability to quantify or opine on such requirements. Additionally, 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 did not conclude instances of noncompliance nor did management disclose any 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.

*McCrady & Associates, PLLC*

Altamonte Springs, Florida  
September 22, 2021

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**Additional Information Required by  
Rules of the Auditor General,  
Chapter 10.850, *Audits of Charter Schools  
and Similar Entities***





McCRAZY & ASSOCIATES  
CERTIFIED PUBLIC ACCOUNTANTS

**Management Letter as Required by Rules of the Florida Auditor General,  
Chapter 10.850, Florida Statutes, *Charter School Audits***

To the Board of Directors of Treasure Coast Classical Academy,  
a Charter School and Component Unit of the District  
School Board of Martin County, Florida

**Report on the Financial Statements**

We have audited the financial statements of Treasure Coast Classical Academy. (the "School") as of and for the fiscal year ended June 30, 2021, and have issued our report thereon dated September 22, 2021.

**Auditor's Responsibility**

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

**Other Reporting Requirements**

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards. Disclosures in that report, if applicable, which is dated, September 22, 2021, should be considered in conjunction with this management letter.

**Prior Audit Findings**

Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings or recommendations in the prior year audit report.

**Official Title**

Section 10.854(1)(e)5. Rules of the Auditor General, requires the name or official title of the entity be disclosed in this management letter. The official title of the entity is Treasure Coast Classical Academy. The School code is 9035.

**Financial Condition and Management**

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

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

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

### **Transparency**

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

### **Additional Matters**

Section 10.854(1)(e)4., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not note such findings nor did the school or management represent such findings.

### **Purpose of this Letter**

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

*McCrary & Associates, PLLC*

Altamonte Springs, Florida  
September 22, 2021

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