

THE CHILES ACADEMY, INC.
BASIC FINANCIAL STATEMENTS
AND
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2021

THE CHILES ACADEMY, INC.
TABLE OF CONTENTS
JUNE 30, 2021

	<u>Page Number(s)</u>
Independent Auditors’ Report	1 – 2
Management’s Discussion and Analysis	3 – 9
Basic Financial Statements	
Government-Wide Financial Statements:	
Statement of Net Position	10
Statement of Activities	11
Fund Financial Statements:	
Balance Sheet – Governmental Funds	12
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	13
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	14
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	15
Notes to Financial Statements	16 – 24
Required Supplementary Information	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual – General Fund	26
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual – Early Head Start Grant Special Revenue Fund	27
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual – Title I Grant Special Revenue Fund	28
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual – Child Care Nutrition Special Revenue Fund	29
Notes to Required Supplementary Information	30
Other Reports	
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>	31 – 32
Management Letter of Independent Auditors Required by Chapter 10.850, Rules of the Auditor General	33 – 35
Management’s Response to Finding	36

INDEPENDENT AUDITORS' REPORT

To the Board of Directors,
The Chiles Academy, Inc.:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of The Chiles Academy, Inc. (the School), a component unit of the Volusia County District School Board, 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

The School's 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 auditors' 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 School'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 School'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 (1) unmodified audit opinion on the governmental activities and major funds; and (2) qualified audit opinion on the discretely presented component unit.

Basis for Qualified Opinion on the Discretely Presented Component Unit

The financial statements of the Bonner Chiles Foundation, Inc. (the Foundation) have not been audited, and we were not engaged to audit the Foundation's financial statements as part of our audit of the School's basic financial statements. The Foundation's financial activities are not included in the School's

basic financial statements as a discretely presented component unit as required by accounting principles generally accepted in the United State of America. If the financial activities of the Foundation had been included, total net position of the School's discretely presented component unit would be increased by \$39,997 as of June 30, 2021, and the change in net position would be increased by \$6,464 for the year then ended.

Qualified Opinion on the Discretely Presented Component Unit

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph on the Discretely Presented Component Unit, the financial statements referred to above present fairly, in all material respects, the financial position of the School, as of June 30, 2021, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions on the Governmental Activities and Major Funds

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 for 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 as listed in the accompanying table of contents 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 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 13, 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.



Daytona Beach, Florida
September 13, 2021

THE CHILES ACADEMY, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021

Our discussion and analysis of the Chiles Academy, Inc.'s (the School) financial performance provides an overview of the School's financial activities. Because the information contained in the Management's Discussion and Analysis (MD&A) is intended to highlight significant transactions, events and conditions, it should be considered in conjunction with the basic financial statements, which follow this section. The basic financial statements include only operations of the School itself, which is a component unit of the Volusia County District School Board. The Volusia County District School Board includes the operations of the School in their operations.

FINANCIAL HIGHLIGHTS

- The assets of the School exceeded its liabilities at the close of the most recent fiscal year by \$382,321 (net position). Of this amount, \$239,073 (unrestricted) may be used to meet the School's ongoing obligations.
- The School's total net position decreased by \$19,245 based on current year activities. The School had total expenses for the year of \$1,698,329, compared to revenues of \$1,679,084.
- As of the close of the current fiscal year, the School's governmental funds reported combined ending fund balances of \$249,674, a decrease of \$22,941 in comparison with the prior year. Approximately 98.6%, or \$246,203 of the total amount, is unassigned fund balance and is available for spending at the School's discretion.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the School's basic financial statements. The basic financial statements include: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements—The government-wide financial statements are designed to provide readers with information about the activities of the School as a whole and a broad overview of the School's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the School's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School is improving or deteriorating.

The statement of activities presents information showing how the School's net position changed during the fiscal year. This statement is shown using the accrual basis of accounting. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

The government-wide financial statements distinguish functions of the School that are principally supported by school board and federal funding, both of which are governmental activities. The governmental activities of the School include basic instruction, exceptional instruction, guidance services, health services, media services, curriculum development, staff development, general administration, school administration, fiscal services, food services, transportation, operation of plant, maintenance of plant, parental involvement, other programs and services, and unallocated depreciation. The School has no business-type activities, which are generally financed in whole or in part by fees charged to external parties for goods or services.

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

THE CHILES ACADEMY, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021

Fund financial statements—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. The School, like other charter schools, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the operations of the School are presented in governmental funds.

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

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

The School maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for each of the funds. The General Fund, the Title I Grant, and the Child Care Nutrition special revenue funds are considered major funds of the School. The Early Head Start Grant Fund is considered nonmajor fund of the School.

The School adopts an annual budget for all of its funds. Budgetary comparison schedules have been provided for the major funds to demonstrate compliance with these budgets.

The basic governmental fund financial statements can be found on pages 12 - 15 of this report.

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 can be found starting on page 16 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the School's financial position. The School's total assets exceeded total liabilities by \$382,321 (total net position) at June 30, 2021, which was a decrease of \$19,245 from the previous year.

The following is a summary of the School's net position as of June 30, 2021, compared to the net position as of June 30, 2020:

THE CHILES ACADEMY, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021

Condensed Statement of Net Position

	Governmental Activities June 30, 2021	Governmental Activities June 30, 2020
Assets:		
Non-capital assets	\$ 322,180	\$ 284,640
Capital assets, net	143,248	138,393
Other assets – Deposits	16,476	16,476
Total Assets	<u>\$ 481,904</u>	<u>\$ 439,509</u>
Liabilities:		
Current liabilities	\$ 99,583	\$ 37,943
Total Liabilities	<u>\$ 99,583</u>	<u>\$ 37,943</u>
Net Position:		
Net investment in capital assets	\$ 143,248	\$ 138,393
Restricted, as restated	-	9,628
Unrestricted, as restated	239,073	253,545
Total Net Position	<u>\$ 382,321</u>	<u>\$ 401,566</u>

Net position includes investments in capital assets less any related debt used to acquire those assets that are still outstanding. The School uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the School's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The School reports \$143,248 in net investment in capital assets at June 30, 2021, an increase of \$4,855 from the prior year.

The remaining net position is divided between restricted and unrestricted. Restricted net position represents those assets net of related liabilities that are restricted to uses specified by third parties, primarily federal grantor agencies. The restricted net position of the School was reduced to zero at June 30, 2021, a decrease of \$9,628 from the prior year. Unrestricted net position may be used to meet the School's ongoing obligations. Unrestricted net position totaled \$239,073 at June 30, 2021, a decrease of \$14,472 from the prior year.

THE CHILES ACADEMY, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021

Key elements of the changes in the School's net position for the fiscal years ended June 30, 2021 and 2020 are as follows:

Change in Net Position

	Governmental Activities 2021	Governmental Activities 2020
	<u>2021</u>	<u>2020</u>
Program revenues:		
Charges for services	\$ 303,469	\$ 84,404
Operating grants and contributions:		
Federal grants	134,971	788,086
Other grants and donations	124,052	59,736
General revenues:		
Volusia County District School Board	1,116,387	1,041,728
Other income	205	6,263
Total revenues	<u>1,679,084</u>	<u>1,980,217</u>
Program expenses:		
Basic instruction	479,952	742,845
Exceptional instruction	40,390	45,977
Guidance services	90,533	87,361
Health services	3,334	51,255
Staff development	6,939	5,270
General administration	3,940	3,940
School administration	267,416	234,512
Fiscal services	121,346	120,903
Food services	120,770	138,990
Transportation	27,393	22,587
Operation of plant	242,614	211,827
Maintenance of plant	325	4,684
Parental involvement	-	72,460
Other programs and services	271,229	109,342
Unallocated depreciation	22,148	22,335
Total expenses	<u>1,698,329</u>	<u>1,874,288</u>
Change in Net Position	(19,245)	105,929
Net Position, beginning of year, as restated	401,566	295,637
Net Position, end of year	<u>\$ 382,321</u>	<u>\$ 401,566</u>

Governmental activities of the School generated \$259,023 in operating grants and contributions, and \$1,116,387 of general revenues, and incurred \$1,698,329 of program expenses. Additional revenues totaling \$303,674 were generated by charges of \$297,106 for contracted child care services, \$363 for food services, \$6,000 for rental of facilities, and \$205 in other income. This resulted in an overall \$19,245 decrease in net position.

THE CHILES ACADEMY, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021

Total revenues decreased from \$1,980,217 in the 2019-2020 school year to \$1,679,084 in the 2020-2021 school year ended June 30, 2021. This decrease in revenue was the result of a combination of factors. The largest decrease was in the area of Federal Grants which includes Early Head Start and the National School Lunch Program. The Early Head Start Program ended on June 30, 2020 resulting in a revenue decrease of \$679,639. The net per-pupil funding for a Full Time Equivalent student by the State of Florida remained steady but an increase in revenue was seen due to additional state grants due to the COVID-19 pandemic. Charges for service showed a large increase due to the addition of contracted child care clients to replace the loss of the children in the Early Head Start program.

GOVERNMENTAL FUNDS

The focus of the School's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the School's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a School's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the School's four (4) governmental funds reported combined ending fund balances of \$249,674, a decrease of \$22,941 in comparison with the prior year. Approximately 98.6% of this total, or \$246,203, constitutes unassigned fund balance, which is available for spending at the School's discretion. Of the remainder of fund balance, \$3,471 or 1.4% is non-spendable relating to inventories and prepaid items.

The General Fund is the chief operating fund of the School. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$248,268, which represents 16% of total General Fund expenditures and transfers out for the fiscal year 2021. The total fund balance of the School's general fund decreased by \$22,941, from \$272,615 to \$249,674, during the current fiscal year.

The Early Head Start Grant, Title I Grant, and Child Care Nutrition special revenue funds are the funds used to account for revenues and expenditures of grant activities. There were no changes in the each of the special revenue fund's fund balance in the current fiscal year. However, due to the excess of expenditures over revenues, The Chiles Academy was required to transfer in money from the General Fund to the Early Head Start Grant and Child Care Nutrition special revenue funds in the amounts of \$2,551 and \$18,551, respectively.

GENERAL FUND BUDGETARY HIGHLIGHTS

The final amended budget reflects a decrease of \$24,800 from the original budget. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates 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.

THE CHILES ACADEMY, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021

Significant variances between the original budget and the final amended budget are summarized as follows:

Revenues:

- \$50,325 Volusia County District School Board – Funding increased during the school year due to actual enrollment exceeding originally budgeted amounts as well as additional funding from the state for COVID-19 relief.
- \$67,500 Donations – Increased due to additional donations received during the school year.
- (\$56,000) Child Care – Decreased utilization of child care services due to availability of less classroom space and decreased number of participants.

Expenditures:

- \$35,000 Basic Instruction – Increase due to the Teach Salary Increase Allocation and addition of part time student interns for workforce readiness training.
- \$21,500 School Administration – Increase due to reclassification of employees from administration to parental involvement.
- \$33,500 Operation of Plant – Increase due to reclassification of employees from administration to parental involvement.
- (\$23,800) Other Programs and Services – Decreased due to decrease in attendance requiring fewer resources.

With these amendments, there was no significant budget versus actual variances. The actual change in fund balance exceeded the budget by \$24,163.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets—The School's investment in capital assets for its governmental activities as of June 30, 2021, amounted to \$143,248 (net of accumulated depreciation). This investment in capital assets includes buildings, leasehold improvements, furniture, fixtures, and equipment, and computer hardware and software. The increase of \$4,856 from the previous year is the result of leasehold improvements totaling \$10,103 net of depreciation.

THE CHILES ACADEMY, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021

The following is a summary of capital assets as of June 30, 2021 and 2020:

Capital Assets
(Net of depreciation)

	Governmental Activities 2021	Governmental Activities 2020
Leasehold improvements	\$ 56,780	\$ 46,678
Furniture, fixtures and equipment	27,272	30,139
Buildings	59,196	58,171
Construction in progress	-	3,405
Total	<u>\$ 143,248</u>	<u>\$ 138,393</u>

Additional information on the School's capital assets can be found in Note (3) on page 21 of this report.

ECONOMIC FACTORS

In March 2020, the United States of America experienced a nationwide crisis due to the pandemic caused by the coronavirus. It is unknown how long this pandemic will last or how it might impact the School. It is possible the School's fiscal year 2020-2021 various revenues and expenditures will be adversely affected. The School will amend its fiscal year 2020-2021 budget accordingly once the potential impacts to the School's revenues and expenditures are known.

With the exception of the above paragraph, we are currently not aware of any conditions that are expected to have a significant effect on the School's financial position or results of operations.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the School's finances for all those with an interest in the School's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to The Chiles Academy, Inc. 868 George W. Engram Boulevard, Daytona Beach, FL 32114.

THE CHILES ACADEMY, INC.
STATEMENT OF NET POSITION
JUNE 30, 2021

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 248,776
Accounts receivable	69,933
Prepays	1,406
Inventory	2,065
Capital assets:	
Other capital assets, net of depreciation	143,248
Deposits	16,476
Total Assets	<u><u>\$ 481,904</u></u>
LIABILITIES	
Accounts payable and accrued expenses	\$ 80,083
Unearned revenue	19,500
Total Liabilities	<u><u>\$ 99,583</u></u>
NET POSITION	
Net investment in capital assets	\$ 143,248
Unrestricted	239,073
Total Net Position	<u><u>\$ 382,321</u></u>

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

**THE CHILES ACADEMY, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities					
Basic instruction	\$ 479,952	\$ -	\$ 2,566	\$ -	\$ (477,386)
Exceptional instruction	40,390	-	-	-	(40,390)
Guidance services	90,533	-	-	-	(90,533)
Health services	3,334	-	2,551	-	(783)
Staff development	6,939	-	-	-	(6,939)
General administration	3,940	-	-	-	(3,940)
School administration	267,416	-	960	-	(266,456)
Fiscal services	121,346	-	-	-	(121,346)
Food services	120,770	363	106,119	-	(14,288)
Transportation	27,393	-	-	-	(27,393)
Operation of plant	242,614	6,000	22,775	-	(213,839)
Maintenance of plant	325	-	-	-	(325)
Other programs and services	271,229	297,106	124,052	-	149,929
Unallocated depreciation	22,148	-	-	-	(22,148)
Total governmental activities	<u>\$ 1,698,329</u>	<u>\$ 303,469</u>	<u>\$ 259,023</u>	<u>\$ -</u>	<u>(1,135,837)</u>
General revenues					
Volusia County School Board					1,116,387
Other revenues					
Other income					205
Total general and other revenues					<u>1,116,592</u>
Change in net position					<u>(19,245)</u>
Net position, beginning of year, as restated					401,566
Net position, end of year					<u>\$ 382,321</u>

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

THE CHILES ACADEMY, INC.
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2021

	<u>General</u>	<u>Early Head Start Grant Special Revenue Fund</u>	<u>Title I Grant Special Revenue Fund</u>	<u>Child Care Nutrition Special Revenue Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 248,776	\$ -	\$ -	\$ -	\$ 248,776
Accounts receivable	61,258	-	-	8,675	69,933
Inventory	-	-	-	2,065	2,065
Deposits	16,476	-	-	-	16,476
Prepays	1,406	-	-	-	1,406
Due from other funds	10,740	-	-	-	10,740
Total Assets	<u>\$ 338,656</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,740</u>	<u>\$ 349,396</u>
LIABILITIES					
Accounts payable and accrued expenses	\$ 69,482	\$ -	\$ -	\$ -	\$ 69,482
Unearned revenue	19,500	-	-	-	19,500
Due to other funds	-	-	-	10,740	10,740
Total Liabilities	<u>88,982</u>	<u>-</u>	<u>-</u>	<u>10,740</u>	<u>99,722</u>
FUND BALANCES					
Nonspendable for:					
Prepays and inventory	1,406	-	-	2,065	3,471
Unassigned	248,268	-	-	(2,065)	246,203
Total Fund Balances	<u>249,674</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>249,674</u>
TOTAL LIABILITIES AND AND FUND BALANCES	<u>\$ 338,656</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,740</u>	<u>\$ 349,396</u>

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

THE CHILES ACADEMY, INC.
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2021

Fund balances - total governmental funds		\$ 249,674
The net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. Those assets consist of:		
Governmental capital assets	312,152	
Accumulated depreciation	<u>(168,904)</u>	
Total capital assets, net		143,248
Other long-term liabilities are not due and payable currently and therefore are not reported as liabilities in the governmental funds:		
Other accrued expenses		(10,601)
Total net position of governmental activities		<u><u>\$ 382,321</u></u>

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

THE CHILES ACADEMY, INC.
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	<u>General Fund</u>	<u>Early Head Start Grant Special Revenue Fund</u>	<u>Title I Grant Special Revenue Fund</u>	<u>Child Care Nutrition Special Revenue Fund</u>	<u>Total Governmental Funds</u>
Revenues					
Volusia County District School Board	\$ 1,116,387	\$ -	\$ -	\$ -	\$ 1,116,387
Federal grants	-	-	5,117	129,854	134,971
Other revenues:					
Donations	124,052	-	-	-	124,052
Child care service fees	303,106	-	-	-	303,106
Food service	363	-	-	-	363
Other income	205	-	-	-	205
Total revenues	<u>1,544,113</u>	<u>-</u>	<u>5,117</u>	<u>129,854</u>	<u>1,679,084</u>
Expenditures					
Current:					
Basic instruction	479,851	-	5,117	-	484,968
Exceptional instruction	40,390	-	-	-	40,390
Guidance services	90,533	-	-	-	90,533
Health services	783	2,551	-	-	3,334
Staff development	6,939	-	-	-	6,939
General administration	3,940	-	-	-	3,940
School administration	265,297	-	-	960	266,257
Fiscal services	121,346	-	-	-	121,346
Food services	-	-	-	124,670	124,670
Transportation	27,393	-	-	-	27,393
Operation of plant	237,926	-	-	22,775	260,701
Maintenance of plant	325	-	-	-	325
Other programs and services	271,229	-	-	-	271,229
Total expenditures	<u>1,545,952</u>	<u>2,551</u>	<u>5,117</u>	<u>148,405</u>	<u>1,702,025</u>
Excess (deficiency) of revenues over expenditures	<u>(1,839)</u>	<u>(2,551)</u>	<u>-</u>	<u>(18,551)</u>	<u>(22,941)</u>
Other financing sources (uses)					
Transfers in	-	2,551	-	18,551	21,102
Transfers out	(21,102)	-	-	-	(21,102)
Total other financing sources (uses)	<u>(21,102)</u>	<u>2,551</u>	<u>-</u>	<u>18,551</u>	<u>-</u>
Net change in fund balances	<u>(22,941)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(22,941)</u>
Fund balances, beginning of year, as restated	272,615	-	-	-	272,615
Fund balances, end of year	<u>\$ 249,674</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 249,674</u>

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

THE CHILES ACADEMY, INC.
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 change in fund balances - total governmental funds \$ (22,941)

The change in net position reported for governmental activities in the statement of activities is 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.

Expenditures for capital outlay	\$ 28,446	
Less: depreciation expense	<u>(22,148)</u>	
		6,298

Notes payable and other long-term liabilities provide current financial resources to governmental funds, while the repayment of the principal long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position.

Other accrued expenses	(1,159)
------------------------	---------

Change in net position of governmental activities	<u><u>\$ (19,245)</u></u>
---	---------------------------

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

THE CHILES ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

(1) **Summary of Significant Accounting Policies:**

The following is a summary of the more significant accounting policies of The Chiles Academy, Inc. (the School), which affect significant elements of the accompanying basic financial statements:

(a) **Reporting entity**—The Chiles Academy, Inc. (a Conversion Charter School), is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act, and Section 1002.33, Florida Statutes. The mission of the School is to combine a community of support and guidance for pregnant and parenting students with the goal of attaining a high school diploma, which will empower them to become independent and responsible citizens. The governing body of the School is the Board of Directors, which is composed of nine members.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, which is the Volusia County District School Board (the District). The current charter is effective until June 30, 2025, and may be renewed in increments of five years by mutual agreement between the School and the District. At the end of the term of the charter, the District may choose not to renew the charter under grounds specified in the charter in which case the District is required to notify the School in writing at least 90 days prior to the charter's expiration. Pursuant to Section 1002.33(8)(e), Florida Statutes, in the event the School is dissolved or terminated, any unencumbered public funds and all School property purchased with public funds automatically revert to the District. During the term of the charter, the District may also terminate the charter if good cause is shown. The School is considered a component unit of the Volusia County District School Board.

Criteria for determining if other entities are potential component units which should be reported within the School's basic financial statements are identified and described in the Governmental Accounting Standards Board's (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*, Sections 2100 and 2600. The application of these criteria provide for identification of any entities for which the School is financially accountable and other organizations for which the nature and significance of their relationship with the School are such that exclusion would cause the School's basic financial statements to be misleading or incomplete. Based on these criteria, no component units are included within the reporting entity of the School.

(b) **Government-wide and fund financial statements**—The government-wide financial statements consist of the Statement of Net Position and the Statement of Activities. These statements report information on all of the nonfiduciary activities of the School. All interfund activities are eliminated from these statements. Both statements report only governmental activities as the School does not engage in any business type activities.

Net position, the difference between assets and liabilities, as presented in the Statement of Net Position, are subdivided into three categories: net investment in capital assets; restricted net position; and unrestricted net position. Net position is reported as restricted when constraints are imposed on the use of the amounts either externally by creditors, grantors, contributors, or laws or regulations of other governments, or enabling legislation.

THE CHILES ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

(1) **Summary of Significant Accounting Policies:** (Continued)

The Statement of Activities presents a comparison between the direct expenses of a given function and its program revenues, and displays the extent to which each function contributes to the change in net position for the fiscal year. Direct expenses are those that are clearly identifiable to a specific function. Program revenues consist of charges for services, operating grants and contributions, and capital grants and contributions. Charges for services refer to amounts received from those who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment. Grants and contributions consist of revenues that are restricted to meeting operational or capital requirements of a particular function. Revenues not classified as program revenues, such as money received from the District, are reported as general revenues.

Separate fund financial statements report detailed information about the School's governmental funds. The focus of the governmental fund financial statements is on major funds. Therefore, major funds are reported in separate columns on the fund financial statements. The School's General Fund, Title I Special Revenue Fund, and Child Care Nutrition Special Revenue Fund are considered major funds. At June 30, 2021, Early Head Start Grant Special Revenue Fund is the School's nonmajor fund. A reconciliation is provided that converts the results of governmental fund accounting to the government-wide presentation.

(c) **Measurement focus, basis of accounting, and financial statement presentation**—The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized when a liability is incurred.

All governmental fund financial statements are reported using a current financial resources measurement focus on a modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues, except for certain grant revenues, are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Available means collectible within the current period, or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the School considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for federal, state, and other grant resources, revenue is recognized at the time the expenditure is made. Under the modified accrual basis of accounting, expenditures are generally recorded when the related fund liability is incurred. The principal exceptions to this are principal and interest on general long-term debt, which are recorded as expenditures only when payment is due.

The School's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. Accordingly, the financial statements are organized on the basis of funds. A fund is an accounting entity having a self-balancing set of accounts for recording assets, liabilities, fund equity, revenues, expenditures, and other financing sources and uses.

Resources are allocated to and accounted for in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled.

THE CHILES ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

(1) **Summary of Significant Accounting Policies:** (Continued)

The School uses the following major governmental funds:

General Fund—The general operating fund of the School is used to account for all financial resources not required to be accounted for in another fund.

Title I Grant Special Revenue Fund—To account for the proceeds of the Title I Grant and track its legally restricted expenditures.

Child Care Nutrition Special Revenue Fund—To account for the proceeds of the child care food programs and track its legally restricted expenditures.

(d) **Budgetary basis of accounting**—Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual budgets are adopted for the entire operations at the combined governmental level and may be amended by the Board of Directors (the Board). For fiscal year ended June 30, 2021, the budget presented has been amended according to Board procedures. Budgets are presented on the modified accrual basis of accounting. The legal level of budgetary control is the fund level.

(e) **Cash and cash equivalents**—Cash and cash equivalents include amounts in demand deposits as well as investments that are readily convertible to known amounts of cash. Investments with original maturities of three months or less are considered to be cash equivalents.

(f) **Receivables**—All receivables are reported net of an allowance for uncollectible accounts, which is based upon management's analysis of historical trends.

(g) **Income taxes**—Under section 501(c)(3) of the Internal Revenue Code and Florida Statutes, the School is exempt from taxes on income other than unrelated business income. Since the School had no taxable unrelated business income during 2021, no provision for income taxes is provided in the financial statements.

Management of the Organization considers the likelihood of changes by taxing authorities in its filed income tax returns and recognizes a liability for or discloses potential significant changes that management believes are more likely than not to occur, including changes to the Organization's status as a not-for-profit entity. Management believes the Organization met the requirements to maintain its tax-exempt status and has no income subject to unrelated business income tax, therefore no provision for income taxes has been provided in these financial statements. The Organization's income tax returns for the past three years are subject to examination by tax authorities, and may change upon examination.

(h) **Interfund receivables and payables**—Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to or due from other funds." Interfund balances and transactions have been eliminated from the government-wide financial statements.

THE CHILES ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

(1) **Summary of Significant Accounting Policies:** (Continued)

(i) **Use of estimates**—The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

(j) **Capital assets**—Capital assets are defined by the School as assets with an initial individual cost of more than \$750 and an estimated useful life of more than one year. Such assets are recorded at historical cost. Donated capital assets are recorded at their estimated fair values at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets of the School are depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Buildings	5 – 39
Leasehold Improvements	5 – 15
Furniture, fixtures and equipment	5 – 10

(k) **Inventory and prepaids**—Inventory is valued at cost based on current purchase prices using the first-in/first-out (FIFO) method. Inventory consists primarily of food and expendable supplies related to the Child Care Nutrition Fund. The cost of governmental fund-type inventory is recorded as an expenditure when consumed. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaids in both government-wide and fund financial statements. Reported inventory and prepaids, if any, are equally offset by nonspendable fund balance, which indicates that they do not constitute “available expendable resources” even though they are a component of net current assets.

(l) **Revenue sources**—Revenues for current operations are received primarily from the District pursuant to the funding provisions included in the School’s charter and from federal awards. In accordance with the funding provisions of the charter and Section 1002.33(17), Florida Statutes, the School reports the number of full-time equivalent (FTE) students and related data to the District. Under the provisions of Section 1011.62, Florida Statutes, the District reports the number of FTE students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program. Funding for the School is adjusted during the year to reflect revised calculations by the FDOE under the Florida Education Finance Program and the actual weighted FTE students reported by the School during designated FTE student survey periods.

The School receives substantial federal awards for the operation of additional programs including the Child Care Nutrition Program. This assistance is generally based on applications submitted to and approved by various granting agencies. These federal awards may have eligibility requirements whereby the issuance of grant funds is withheld until such eligible expenditures are incurred. Revenues for these awards are recognized only to the extent that eligible expenditures have been incurred.

THE CHILES ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

(1) **Summary of Significant Accounting Policies:** (Continued)

(m) **Fund equity**—In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the School is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Those classifications are as follows:

Nonspendable—Amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact.

Restricted—Amounts that can be spent only for specific purposes because of the Bylaws, district or local charter, state or federal laws, or externally imposed conditions by grantors or creditors.

Committed—Amounts that can be used only for specific purposes determined by a formal action by ordinance or resolution. This includes the budget reserve account.

Assigned—Amounts that are designated by the Board of Directors for a specific purpose but are not spendable until a budget ordinance is passed by the Board of Directors.

Unassigned—All amounts not included in other spendable classifications.

In the government-wide financial statements, when both restricted and unrestricted resources are available for use, it is the School's policy to use restricted resources first, then unrestricted resources as they are needed. In governmental fund financial statements, restricted funds are used first as appropriate. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the School considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Directors has provided otherwise in its commitment or assignment actions.

The school has established a minimum unassigned fund balance policy of \$80,000.

(2) **Reconciliation of Government-Wide and Fund Financial Statements:**

(a) **Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position**—Following the governmental fund balance sheet is a reconciliation between *fund balances – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. A detailed reconciliation of these differences is provided in this reconciliation.

(b) **Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities**—Following the governmental fund statement of revenues, expenditures, and changes in fund balances, there is a reconciliation between *net change in fund balances – total governmental funds* and *changes in net position of governmental activities*. A detailed reconciliation of these differences is provided in this reconciliation.

THE CHILES ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

(3) Capital Assets:

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

	<u>Balance July 1, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2021</u>
Capital assets, not being depreciated:				
Construction in progress	\$ 3,405	\$ -	\$ (3,405)	\$ -
Total capital assets, not being depreciated	<u>3,405</u>	<u>-</u>	<u>(3,405)</u>	<u>-</u>
Capital assets, being depreciated:				
Leasehold improvements	92,312	19,530	-	111,842
Furniture, fixtures and equipment	119,998	8,272	(8,107)	120,163
Buildings	76,097	4,050	-	80,147
Total capital assets, being depreciated	<u>288,407</u>	<u>31,852</u>	<u>(8,107)</u>	<u>312,152</u>
Less accumulated depreciation for:				
Leasehold Improvements	45,635	9,427	-	55,062
Furniture, fixtures and equipment	89,858	9,696	(6,663)	92,891
Buildings	17,926	3,025	-	20,951
Total accumulated depreciation	<u>153,419</u>	<u>22,148</u>	<u>(6,663)</u>	<u>168,904</u>
Capital assets, net	<u>\$ 138,393</u>	<u>\$ 9,704</u>	<u>\$ (4,849)</u>	<u>\$ 143,248</u>

Capital assets are used for multiple functions by the School and cannot be easily charged to a specific function. For the year ended June 30, 2021, unallocated depreciation expense was \$22,148.

(4) Concentrations:

(a) **Cash and cash equivalents**—At year-end, the carrying amount of the School’s deposits were \$248,776 and the bank balances were \$255,542. The School maintains cash deposits at a bank in Florida. The School has no deposit policy for custodial risk, which is the risk that in the event of a bank failure, the School’s deposit may not be returned. Accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to FDIC limits. Any balance in excess of FDIC insurance is covered by collateral held by the School’s custodial bank, which is pledged to a state trust fund that provides security in accordance with Florida Security for Public Deposits Act, Chapter 280, Florida Statutes.

The Florida Security for Public Deposits Act established guidelines for qualification and participation by banks and savings associations, procedures for the administration of the collateral requirements and characteristics of eligible collateral. Under the Act, the qualified public depository must pledge at least 50 percent of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance. Additional collateral, up to a maximum of 125 percent, may be required, if deemed necessary under the conditions set forth in the Act.

THE CHILES ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

(4) **Concentrations:** (Continued)

Obligations pledged to secure deposits must be delivered to the State Treasurer or, with the approval of the State Treasurer, to a bank, savings association, or trust company provided a power of attorney is delivered to the Treasurer. Under the Act, the pool may assess participating financial institutions on a pro rata basis to fund any shortfall in the event of the failure of a member institution.

(b) **Revenue sources**—The School receives a substantial amount of its funding from the Volusia County District School Board. A significant reduction in the level of this funding, if this were to occur, could have an adverse effect on the School’s programs and activities.

(5) **Related Party Information:**

The Volusia County District School Board provides the School with various equipment and furniture. The District maintains title to said property and all property is to be returned to the District if the School ceases operations or no longer has use for the assets. These assets are not included in the financial statements of the School. The School also occupies a building owned and previously used by the District for educational purposes. In lieu of rental payments, the School is responsible for all upkeep and maintenance on the District’s property. This agreement is in effect until December 31, 2021, and may be renewed contingent upon the extension of the School’s charter.

The Bonner Chiles Foundation, Inc. raises funds exclusively for the School. The School’s CFO is the Treasurer and the Secretary of the Foundation. The School’s Executive Director/Principal is the Director of the Foundation. Membership for the Foundation’s Board of Directors is recommended to the School’s Board for approval.

(6) **Interfund Accounts and Transfers:**

The outstanding balances between funds result primarily from the time lag between the dates reimbursable expenditures occur, when transactions are recorded in the accounting system and when payments between funds are made. As of June 30, 2021, amounts due from other funds consist of the following:

	Due to Other Funds	Due to Other Funds
General Fund	\$ -	\$ 10,740
Child Care Nutrition Fund	10,740	-
	\$ 10,740	\$ 10,740

Transfers occurred to move monies from the General Fund to subsidize operations accounted for in other funds in accordance with budgetary authorizations. During the year ended June 30, 2021, the General Fund transferred \$2,551 and \$18,551 to the Early Head Start Grant Special Revenue Fund and Child Care Nutrition Special Revenue Fund, respectively.

(7) **Risk Management:**

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the School carries commercial insurance. There were no settlements in excess of the insurance coverage in any of the three prior fiscal years.

THE CHILES ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

(8) Restatement of Fund Balance:

During the year-ended June 30, 2021, the following errors to the prior period were identified: The Child Care Nutrition Fund should have a zero total and restricted fund balance at June 30, 2020, as the School only receives the funding in the form of reimbursements and any deficit fund balance is made up by a transfer in from the general fund each year. Beginning fund balance has been restated for these effects in the General and Child Care Nutrition Fund as follows:

	Fund balance 6/30/20, originally reported	Fund balance 6/30/20, as restated
<u>Child Care Nutrition Fund</u>		
Nonspendable fund balance	\$ 1,569	\$ 1,569
Restricted fund balance for child care nutrition	5,080	-
Unassigned fund balance	-	(1,569)
Total Child Care Nutrition fund balance	<u>\$ 6,649</u>	<u>\$ -</u>
<u>General Fund</u>		
Nonspendable fund balance	\$ 4,859	\$ 4,859
Restricted fund balance for student services	9,303	9,303
Restricted fund balance for capital outlay	325	325
Unassigned fund balance	251,479	258,128
Total General fund balance	<u>\$ 265,966</u>	<u>\$ 272,615</u>
<u>Governmental Activities</u>		
Net investment in capital assets	\$ 138,392	\$ 138,392
Restricted for capital outlay	325	325
Restricted for student services	9,303	9,303
Restricted for child care nutrition	5,080	-
Unrestricted net position	248,466	253,546
Total Governmental Activities Net Position	<u>\$ 401,566</u>	<u>\$ 401,566</u>

(9) Contingencies:

During and through the end of the fiscal year ended June 30, 2021, local, U.S., and world governments have encouraged self-isolation to curtail the spread of the global pandemic, coronavirus disease (COVID-19), by mandating temporary work stoppage in many sectors and imposing limitations on travel and size and duration of group meetings. Most industries are experiencing disruption to business operations and the impact of reduced consumer spending. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and any government actions to mitigate them. Accordingly, while management cannot quantify the financial and other impact to the School as of June 30, 2021, management believes that an impact on the School's financial position and results of future operations is reasonably possible.

THE CHILES ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

(10) Recent Accounting Pronouncements:

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have effective dates that may impact future financial statements. Listed below are pronouncements with required implementation dates effective for fiscal years subsequent to June 30, 2021, that have not yet been implemented. Management has not currently determined what, if any, impact implementation of the following will have on the School's financial statements:

- (a) GASB issued Statement No. 87, *Leases*, in June 2017. GASB 87 increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The provisions in GASB 87 are effective for periods beginning after June 15, 2021.

- (b) GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, in May 2020. provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The provisions in GASB 96 are effective for periods beginning after June 15, 2022.

(11) Planned Purchase of Building and Grounds:

The School's Board of Directors approved the purchase of the Bonner Elementary School site from the District as well as necessary financing, which includes funds for initial capital improvements. This transaction is expected to be completed during the fiscal year ending June 30, 2022.

REQUIRED SUPPLEMENTARY INFORMATION

THE CHILES ACADEMY, INC.
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET TO ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
Revenues				
Volusia County District School Board	\$ 1,072,858	\$ 1,123,183	\$ 1,116,387	\$ (6,796)
Other revenues:				
Donations	57,200	124,700	124,052	(648)
Child care service fees	346,100	290,100	303,106	13,006
Food service	3,500	3,500	363	(3,137)
Other income	100	100	205	105
Total revenues	<u>1,479,758</u>	<u>1,541,583</u>	<u>1,544,113</u>	<u>2,530</u>
Expenditures				
Current:				
Basic instruction	454,981	489,981	479,851	10,130
Exceptional instruction	33,913	40,913	40,390	523
Guidance services	90,826	90,826	90,533	293
Health services	-	1,000	783	217
Staff development	10,491	9,491	6,939	2,552
General administration	4,400	4,400	3,940	460
School administration	245,217	266,717	265,297	1,420
Fiscal services	115,900	122,400	121,346	1,054
Transportation	26,200	28,200	27,393	807
Operation of plant	203,843	237,343	237,926	(583)
Maintenance of plant	-	325	325	-
Other programs and services	299,611	275,811	271,229	4,582
Total expenditures	<u>1,485,382</u>	<u>1,567,407</u>	<u>1,545,952</u>	<u>21,455</u>
Excess (deficiency) of revenues over expenditures	<u>(5,624)</u>	<u>(25,824)</u>	<u>(1,839)</u>	<u>23,985</u>
Other financing sources (uses)				
Transfers out	(16,680)	(21,280)	(21,102)	178
Total other financing sources (uses)	<u>(16,680)</u>	<u>(21,280)</u>	<u>(21,102)</u>	<u>178</u>
Net change in fund balance	<u>(22,304)</u>	<u>(47,104)</u>	<u>(22,941)</u>	<u>24,163</u>
Fund balance, beginning of year, as restated	272,615	272,615	272,615	-
Fund balance, end of year	<u>\$ 250,311</u>	<u>\$ 225,511</u>	<u>\$ 249,674</u>	<u>\$ 24,163</u>

See notes to required supplementary information.

THE CHILES ACADEMY, INC.
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET TO ACTUAL - EARLY HEAD START GRANT SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
Revenues				
Federal grants	\$ -	\$ -	\$ -	\$ -
Expenditures				
Current:				
Health services	-	2,600	2,551	49
Total expenditures	-	2,600	2,551	49
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(2,600)</u>	<u>(2,551)</u>	<u>49</u>
Other financing sources (uses)				
Transfers in	-	2,600	2,551	(49)
Total other financing sources (uses)	-	2,600	2,551	(49)
Net change in fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See notes to required supplementary information.

THE CHILES ACADEMY, INC.
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET TO ACTUAL - TITLE I GRANT SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
Revenues				
Federal grants	\$ 5,117	\$ 5,117	\$ 5,117	\$ -
Expenditures				
Current:				
Basic instruction	5,117	5,117	5,117	-
Total expenditures	5,117	5,117	5,117	-
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See notes to required supplementary information.

THE CHILES ACADEMY, INC.
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET TO ACTUAL - CHILD CARE NUTRITION SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
Revenues				
Federal grants	\$ 175,000	\$ 173,000	\$ 129,854	\$ (43,146)
Total revenues	<u>175,000</u>	<u>173,000</u>	<u>129,854</u>	<u>(43,146)</u>
Expenditures				
Current:				
School administration	250	250	960	(710)
Food services	167,969	167,969	124,670	43,299
Operation of plant	23,461	23,461	22,775	686
Total expenditures	<u>191,680</u>	<u>191,680</u>	<u>148,405</u>	<u>43,275</u>
Excess (deficiency) of revenues over expenditures	<u>(16,680)</u>	<u>(18,680)</u>	<u>(18,551)</u>	<u>129</u>
Other financing sources (uses)				
Transfers in	16,680	18,680	18,551	(129)
Total other financing sources (uses)	<u>16,680</u>	<u>18,680</u>	<u>18,551</u>	<u>(129)</u>
Net change in fund balance	-	-	-	-
Fund balance, beginning of year, as restated	-	-	-	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See notes to required supplementary information.

THE CHILES ACADEMY, INC.
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2021

(1) **Summary of Significant Accounting Policies:**

The Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual (the Schedules) are presented using the School’s budget format for all governmental funds.

(2) **Budgetary Basis of Accounting:**

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual budgets are adopted for the entire operations at the combined governmental level and may be amended by the Board of Directors (the Board). For fiscal year ended June 30, 2021, the budget presented has been amended according to Board procedures.

Budgets are presented on the modified accrual basis of accounting. The legal level of budgetary control is the fund level.

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,
The Chiles Academy, Inc.:

We have audited, 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, the financial statements of the governmental activities and each major fund of The Chiles Academy, Inc. (the School), a component unit of the Volusia County District School Board, 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 13, 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. We did identify a certain deficiency in internal control described below that we consider to be a significant deficiency.

2021-001 Prior Period Adjustment: Significant account balances and transactions should be properly recorded in compliance with generally accepted accounting principles in the United States of America. The proper presentation of account balances requires adjustments to be made throughout the year in accordance with account reconciliations to ensure completeness, existence, occurrence, accuracy, rights or obligations, cutoff, and classifications. We noted the following account balances required prior period adjustments:

- Total, unassigned, and restricted fund balance for the Child Care Nutrition Fund
- Total and unassigned fund balance for the General Fund
- Restricted and unrestricted net position for Governmental Activities

Management did not review the above account balances in a timely manner to prevent the inaccurate reporting in the prior period financial statements. We recommend the School review all account balances at year-end to ensure proper recordation based on the nature of the transactions.

Compliance and Other Matters

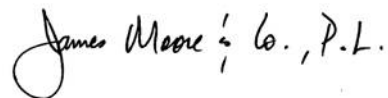
As part of obtaining reasonable assurance about whether the School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect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

Management's Response to Finding

The School's response to the finding identified in our audit is described in the accompanying Response to Finding. The School's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



Daytona Beach, Florida
September 13, 2021

**MANAGEMENT LETTER OF INDEPENDENT AUDITORS
REQUIRED BY CHAPTER 10.850, RULES OF THE AUDITOR GENERAL**

To the Board of Directors,
The Chiles Academy, Inc.

Report on the Financial Statements

We have audited the financial statements of The Chiles Academy, Inc. (the School), a component unit of Volusia County District School Board, as of and for the fiscal year ended June 30, 2021, and have issued our report thereon dated September 13, 2021.

Auditors' 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 Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated September 13, 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. The following is a summary of all findings and recommendations reported in the preceding financial audit report; the finding was not included in the second preceding annual financial report:

2020-1 Ensure Board Minutes are Posted to School's Website—Corrective action taken as the Board minutes are available on the School website.

Official Title

Section 10.854(1)(e)5., Rules of the Auditor General, requires the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in the management letter. The official title and the school code assigned by the Florida Department of Education of the School are The Chiles Academy, Inc., 7841.

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

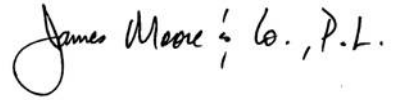
Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether the School maintains on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with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

Additional Matters

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

Purpose of this Letter

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

A handwritten signature in black ink that reads "James Moore & Co., P.L.". The signature is written in a cursive style with a large initial "J" and a stylized "M".

Daytona Beach, Florida
September 13, 2021

The Chiles Academy Inc.'s Response to Findings
June 30, 2021

2021-01:

In response to the account balances requiring prior period adjustments, The Chiles Academy has reviewed these findings and makes the following response:

- Prior year financial statements were prepared by a different auditing firm and the School relied upon their knowledge and expertise to properly reflect the components of fund balance and net position within said financial statements. The School will perform a thorough review of all account balances during and at year end to ensure they are recorded in accordance with U.S. GAAP.