

FINANCIAL STATEMENTS

ENVISION SCIENCE ACADEMY, INC.

WAKE FOREST, NORTH CAROLINA

JUNE 30, 2023

ENVISION SCIENCE ACADEMY, INC.  
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JUNE 30, 2023

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FINANCIAL SECTION

ENVISION SCIENCE ACADEMY, INC.

WAKE FOREST, NORTH CAROLINA

JUNE 30, 2023



## Independent Auditor's Report

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

### **Report on the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the remaining aggregate fund information of Envision Science Academy, Inc., North Carolina, as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the remaining aggregate fund information of Envision Science Academy, Inc., as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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

#### ***Responsibilities of Management 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; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Envision Science Academy, Inc.'s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

#### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Envision Science Academy, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Envision Science Academy, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

#### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 7-14 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Envision Science Academy, Inc.'s basic financial statements. The accompanying budgetary schedules and the schedule of expenditures of federal and state awards as required by the Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applies in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary schedules and the schedule of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

#### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 16, 2023, on our consideration of Envision Science Academy, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of 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 Envision Science Academy, Inc.'s internal control over financial reporting and compliance.



Rebekah Barr, CPA PC  
Certified Public Accountant  
Wilson, North Carolina

October 16, 2023

**Management Discussion and Analysis**  
**Envision Science Academy**  
**June 30, 2023**

As management of Envision Science Academy (“the School”), we provide these financial statements and this narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2023. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the School’s financial statements, which follow this narrative.

**Financial Highlights**

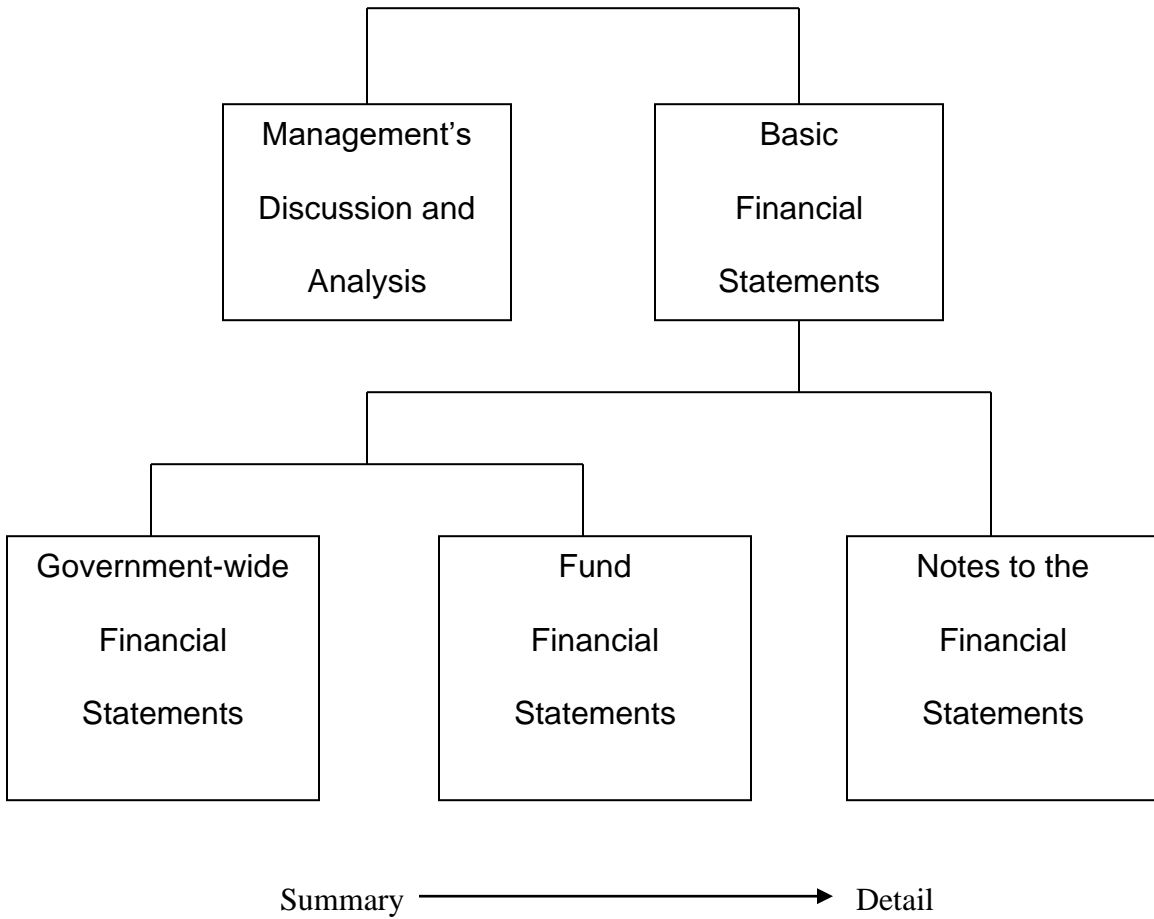
- The assets of Envision Science Academy exceeded its liabilities at the close of the fiscal year by \$1,062,983 (net position).
- The government’s total net position increased by \$390,473, which was driven by governmental activities including an increase in net capital assets and a decrease in bonds payable.
- As of the close of the current fiscal year, the School’s governmental funds reported combined ending fund balances of \$3,688,302, an increase of \$468,199 in comparison with the prior year.
- Enrollment increased with an average daily membership of 734 students for the year ended June 30, 2023 as compared to 732 students for the year ended June 30, 2022.

**Overview of the Financial Statements**

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

**Required Components of Annual Financial Report**

**Figure 1**





**Management Discussion and Analysis**  
**Envision Science Academy**  
**June 30, 2023**

**Basic Financial Statements**

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

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

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

**Government-wide Financial Statements**

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

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

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

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

**Fund Financial Statements**

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

**Management Discussion and Analysis**  
**Envision Science Academy**  
**June 30, 2023**

**Governmental Funds** – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the School’s basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* that provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the School’s programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

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

**Notes to the Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 21 of this report.

**Government-Wide Financial Analysis**

As noted earlier, net position may serve over time as one useful indicator of a school’s financial condition. The assets of Envision Science Academy exceeded liabilities by \$1,062,983 as of June 30, 2023. As of June 30, 2022, the net position of the School stood at \$672,510. The School’s net position increased by \$390,473 for the fiscal year ended June 30, 2023, compared to an increase of \$309,111 in 2022. A large portion (\$2,625,319) reflects the School’s investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt still outstanding that was issued to acquire those items. \$945,053 is restricted for bond obligation. The remaining balance of \$2,743,249 is unrestricted.

**Management Discussion and Analysis**  
**Envision Science Academy**  
**June 30, 2023**

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

**Figure 2**

	<b>Governmental Activities</b>	
	<b>2023</b>	<b>2022</b>
Current and other assets	\$ 2,726,043	\$ 2,271,666
Restricted Cash Bonds	945,053	934,444
Accounts Receivable	17,322	21,011
Prepaid Expense	-	9,936
Capital Assets (net of depreciation)	8,034,895	8,359,306
Total assets	<u>\$ 11,723,313</u>	<u>\$ 11,596,363</u>
Current liabilities	116	16,954
Accrued interest payable	90,214	91,898
Long-term liabilities		
Bond Payable	10,570,000	10,815,000
Total liabilities	<u>\$ 10,660,330</u>	<u>\$ 10,923,852</u>
Net investment in capital asset		
Capital assets	(2,625,319)	(1,521,250)
Restricted for bond financing	945,053	934,444
Unrestricted	2,743,249	1,259,316
Total net position	<u>\$ 1,062,983</u>	<u>\$ 672,510</u>

The School's strong financial operations and internal controls contributed to the improvement in the net position. The School's financial performance was monitored and measured on a monthly basis, allowing changes in spending as needed to stay within the budget.

**Management Discussion and Analysis**  
**Envision Science Academy**  
**June 30, 2023**

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**Envision Science Academy Changes in Net Position**

**Figure 3**

	<b>Governmental Activities</b>	
	<b>2023</b>	<b>2022</b>
Revenues:		
Program revenues:		
Operating grants and contributions	\$ 269,976	\$ 441,865
General revenues:		
Unrestricted County appropriations	2,338,403	2,161,044
Unrestricted State appropriations	4,907,603	4,804,752
Contributions and Donations	6,668	4,488
Rent Income	-	4,924
Other revenue	88,428	55,589
Total revenues	<u>7,611,078</u>	<u>7,472,662</u>
Expenses:		
Instructional programs	5,976,518	5,929,621
Athletics, Arts, & Clubs	67,479	-
Support services	606,174	610,403
Non-programmed charges	20,785	9,602
Interest on long-term debt	549,649	559,637
Total expenses	<u>7,220,605</u>	<u>7,109,263</u>
Increase in net position	390,473	363,399
Net position, July 1	<u>672,510</u>	<u>309,111</u>
Net position, June 30	<u>\$ 1,062,983</u>	<u>\$ 672,510</u>

**Governmental activities.** Governmental activities increased the School’s net position by \$390,473. County and state funds of \$7,246,006 increased by 4.0% and make up approximately 95.2% of total revenues. Instructional programs and support services of \$6,582,692 account for 91.5% of total expenses and increased by 0.6% as compared to prior year. This reflects both increased program and general revenues and a decrease in the interest on long-term debt, offset against increased costs of providing instructional services.

**Management Discussion and Analysis**  
**Envision Science Academy**  
**June 30, 2023**

**Financial Analysis of the School's Funds**

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

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

The general fund is the chief operating fund of Envision Science Academy. At the end of the current fiscal year, the assets in the general fund consisted primarily of cash and cash equivalents, which equaled 99.3% of the total fund assets. The total fund balance of the general fund was \$2,616,049, which was all unassigned. The remaining portion of governmental funds related to capital outlays of \$1,072,253, which primarily consisted of \$945,053 of restricted cash related to our bonds. As of June 30, 2023, the governmental funds of Envision Science Academy reported a combined fund balance of \$3,688,302.

**Capital Asset and Debt Administration**

**Capital assets.** It is the policy of the School to capitalize all capital assets costing more than \$1,000 with an estimated useful life of two or more years. Envision Science Academy's investment in capital assets for its governmental and business-type activities as of June 30, 2023, totals \$8,034,895, net of accumulated depreciation. These assets include the building, furniture and fixture and site improvements.

The School had \$7,999 of capital asset purchases during the current fiscal year, which related to site improvements. Additional information on the School's capital assets can be found in note III.A.3. of the Basic Financial Statements.

**Long-term Debt.** As of June 30, 2023, Envision Science Academy had total debt outstanding of \$10,570,000, which is a 2.2% decrease from prior year due to the continued paydown of the School's outstanding bonds.

**Economic Factors**

We expect federal, state and county funding levels to continue to meet or exceed historical funding into future school years. Increased levels of funding, coupled with the continued strong enrollment at the School, will generate an increase in overall revenue and reflects the continued growth and prosperity of the School. Further, Envision Science Academy continues to have a healthy waiting list and expects to maintain the School's enrollment in the next fiscal year.

**Management Discussion and Analysis**  
**Envision Science Academy**  
**June 30, 2023**

**Requests for Information**

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

**Envision Science Academy, Inc.**  
**Statement of Net Position**  
**June 30, 2023**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,726,043	\$ -	\$ 2,726,043
Restricted cash - bonds	945,053	-	945,053
Due from other governments	17,322	-	17,322
Accounts receivable - trade	-	-	-
Prepaid expenses	-	-	-
Capital assets:			
Land, improvements, and construction in progress	637,472	-	637,472
Other capital assets, net of depreciation	7,397,423	-	7,397,423
Total capital assets	<u>8,034,895</u>	<u>-</u>	<u>8,034,895</u>
Total assets	<u>11,723,313</u>	<u>-</u>	<u>11,723,313</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
	<u>-</u>	<u>-</u>	<u>-</u>
<b>LIABILITIES</b>			
Accounts payable - trade	116	-	116
Accrued interest payable	90,214	-	90,214
Long-term liabilities:			
Due within one year	255,000	-	255,000
Due in more than one year	10,315,000	-	10,315,000
Total liabilities	<u>10,660,330</u>	<u>-</u>	<u>10,660,330</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET POSITION</b>			
Net investment in capital assets	(2,625,319)	-	(2,625,319)
Restricted bond proceeds	945,053	-	945,053
Unrestricted	2,743,249	-	2,743,249
Total net position	<u>\$ 1,062,983</u>	<u>\$ -</u>	<u>\$ 1,062,983</u>

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

**Envision Science Academy, Inc.**  
**Statement of Activities**  
**June 30, 2023**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
<b>Primary government:</b>							
Governmental Activities:							
Instructional programs	\$ 5,976,518	\$ -	\$ 267,174	\$ -	\$ (5,709,344)	\$ -	\$ (5,709,344)
Athletics, arts and clubs	67,479	-	-	-	(67,479)	-	(67,479)
Support services	606,174	-	2,802	-	(603,372)	-	(603,372)
Community services	20,785	-	-	-	(20,785)	-	(20,785)
Interest on debt	549,649	-	-	-	(549,649)	-	(549,649)
Total governmental activities	<u>7,220,605</u>	<u>-</u>	<u>269,976</u>	<u>-</u>	<u>(6,950,629)</u>	<u>-</u>	<u>(6,950,629)</u>
Business-type activities:							
Foundation	-	-	-	-	-	-	-
Total business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 7,220,605</u>	<u>\$ -</u>	<u>\$ 269,976</u>	<u>\$ -</u>	<u>(6,950,629)</u>	<u>-</u>	<u>(6,950,629)</u>
General revenues:							
Unrestricted county appropriations					2,338,403	-	2,338,403
Unrestricted State appropriations					4,907,603	-	4,907,603
Donations - general					6,668	-	6,668
Miscellaneous, unrestricted					88,428	-	88,428
Loss on lease termination					-	-	-
Transfers					-	-	-
Total general revenues, special items, and transfers					<u>7,341,102</u>	<u>-</u>	<u>7,341,102</u>
Change in net position					390,473	-	390,473
Net position-beginning, previously reported					672,510	-	672,510
Net position-ending					<u>\$ 1,062,983</u>	<u>\$ -</u>	<u>\$ 1,062,983</u>

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



**Envision Science Academy, Inc.**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2023**

	Major Funds			Total Non-Major Funds	Total Governmental Funds
	General	State Public School	Capital Outlay	Federal Grants	
<b>ASSETS</b>					
Cash and cash equivalents	\$ 2,598,843	\$ -	\$ 127,200	\$ -	\$ 2,726,043
Restricted cash - bonds	-	-	945,053	-	945,053
Due from other governments	17,322	-	-	-	17,322
Prepaid items	-	-	-	-	-
Security deposits	-	-	-	-	-
Total assets	<u>2,616,165</u>	<u>-</u>	<u>1,072,253</u>	<u>-</u>	<u>3,688,418</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable - trade	116	-	-	-	116
Accrued salaries payable	-	-	-	-	-
Total liabilities	<u>116</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>116</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
	-	-	-	-	-
Fund balances:					
Restricted:					
Bonds	-	-	945,053	-	945,053
Nonspendable:					
Prepaid items	-	-	-	-	-
Unassigned	2,616,049	-	127,200	-	2,743,249
Total fund balances	<u>2,616,049</u>	<u>-</u>	<u>1,072,253</u>	<u>-</u>	<u>3,688,302</u>
Total liabilities, deferred inflows of resources, and funds balances	<u>\$ 2,616,165</u>	<u>\$ -</u>	<u>\$ 1,072,253</u>	<u>\$ -</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	8,034,895
Liabilities for earned but unavailable revenues in fund statements. Some liabilities, including bonds payable and accrued interest, are not due and payable in the current period and therefore are not reported in the funds.	<u>(10,660,214)</u>
Net position of governmental activities	<u>\$ 1,062,983</u>

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

**Envision Science Academy, Inc.**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2023**

	Major Funds			Total Non-Major Funds	Total Governmental Funds
	General	State Public School	Capital Outlay	Federal Grants	
<b>Revenues</b>					
State of North Carolina	\$ -	\$ 4,907,603	\$ -	\$ -	\$ 4,907,603
Local education agencies	2,338,403	-	-	-	2,338,403
U.S. Government	-	-	-	269,976	269,976
Fines and forfeitures	-	-	-	-	-
Contributions and donations	-	-	6,668	-	6,668
Other	72,488	-	15,940	-	88,428
Total revenues	<u>2,410,891</u>	<u>4,907,603</u>	<u>22,608</u>	<u>269,976</u>	<u>7,611,078</u>
<b>EXPENDITURES</b>					
<b>Current:</b>					
Instructional programs	819,831	4,640,206	-	267,174	5,727,211
Athletics, arts and clubs	18,814	48,665	-	-	67,479
Support services	301,538	218,732	-	2,802	523,072
Community services	20,785	-	-	-	20,785
<b>Capital outlay</b>	7,999	-	-	-	7,999
<b>Debt service:</b>					
Principal	-	-	245,000	-	245,000
Interest and other charges	-	-	551,333	-	551,333
Total expenditures	<u>1,168,967</u>	<u>4,907,603</u>	<u>796,333</u>	<u>269,976</u>	<u>7,142,879</u>
Excess (deficiency) of revenues over expenditures	<u>1,241,924</u>	<u>-</u>	<u>(773,725)</u>	<u>-</u>	<u>468,199</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers	(794,594)	-	794,594	-	-
Proceeds from Payroll Protection	-	-	-	-	-
Total other financing sources (uses)	<u>(794,594)</u>	<u>-</u>	<u>794,594</u>	<u>-</u>	<u>-</u>
Net change in fund balance	447,330	-	20,869	-	468,199
Fund balances-beginning	2,168,719	-	1,051,384	-	3,220,103
Fund balances-ending	<u>\$ 2,616,049</u>	<u>\$ -</u>	<u>\$ 1,072,253</u>	<u>\$ -</u>	<u>\$ 3,688,302</u>

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

**Envision Science Academy, Inc.**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds to the Statements of Activities**  
**For the Year Ended June 30, 2023**

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

Net changes in fund balances - total governmental funds	\$	468,199
Change in fund balance due to change in reserve for inventory		-
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period		(324,410)
Contributions to the pension plan in the current fiscal year are not included on the statement of activities		-
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Amount of donated assets		-
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		246,684
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Proceeds from forgiveness of Paycheck Protection Loan		-
Compensated absences		-
Rounding adjustment		-
		<hr style="border-top: 1px solid black;"/>
Total changes in net position of governmental activities	\$	<u><u>390,473</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS

ENVISION SCIENCE ACADEMY, INC

WAKE FOREST, NORTH CAROLINA

JUNE 30, 2023

**Envision Science Academy, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

I. Summary of Significant Accounting Policies

The accounting policies of the Envision Science Academy, North Carolina (the School) conform to generally accepted accounting principles (GAAP) as applicable to governments. Charter schools are established by non-profit entities. Because of the authority of the State Board of Education (SBE) to terminate, not renew or seek applicants to assume a charter on grounds sent out in the North Carolina General Statutes at G.S. 115C218.95 with all net assets purchased with the public funds reverting to a local education agency (G.S. 115C218.100), the charter schools in North Carolina follow the governmental reporting model as used by local education agencies. The following is a summary of the more significant accounting policies:

A. Reporting Entity

Envision Science Academy is a North Carolina non-profit corporation incorporated in December 2012. Pursuant to the provisions of the Charter School Act of 1996 as amended (the "Act"), Envision Science Academy has been approved to operate the Envision Science Academy, a public school serving approximately 732 students. The School operates under an approved charter received from the SBE and applied for under the provisions of General Statute (G.S.) 115C-218.1. G.S. 115C-218.6(b)(1) states that a charter school shall be subject to the audit requirements adopted by the SBE, which includes the audit requirements established by G.S. 115C-447 of the School Budget and Fiscal Control Act (SBFCA) and requires the financial statements to be prepared in accordance with GAAP. The current charter is effective until June 30, 2029 and may be renewed for subsequent periods of ten (10) years unless one of the conditions in G.S. 115C-218.6(b) applies in which case the SBE may renew the charter for a shorter period or not renew the charter. Management believes that the charter will be renewed in the ordinary course of business.

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

Envision Foundation, LLC

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

B. Basis of Presentation

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

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

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the School and for each function of the School's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

*Fund Financial Statements:* The fund financial statements provide information about the School funds. Separate statements for each fund category – *governmental and proprietary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

The School reports the following major governmental funds:

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

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

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

The School reports the following non-major governmental fund:

*Federal Fund.* The Federal Fund is used to account for the Federal moneys that are passed through the State Department of Public Instruction to the School.

### C. Measurement Focus and Basis of Accounting

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

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

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

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

#### D. Budgetary Data

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

The governing board has voluntarily established the policy, as a sound business practice, that expenditures may not exceed appropriations, for all of the School's funds, based on the adopted budget and subsequent amendments. During the year, several amendments to the original budget were necessary, the effects of which were not material. The budget presented in the supplemental data represents the budget of the School at June 30, 2023. All appropriations lapse at year end.

#### E. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Fund Equity

##### 1. Deposits and Investments

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

##### 2. Cash and Cash Equivalents

The School pools money from several funds to facilitate disbursement and investment and to maximize investment income. All cash and investments with original maturities of three months or less are considered cash and cash equivalents.

##### 3. Capital Assets

The School's donated capital assets received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value. All other capital assets are recorded at original cost. The total of these estimates is not considered large enough that any errors would be material when capital assets are considered as a whole.

It is the policy of the School to capitalize all capital assets costing more than \$1,000 with an estimated useful life of two or more years. In addition, other items which are purchased and used in large quantities such as student desks and office furniture are capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets. All depreciable assets are depreciated using the straight-line method of depreciation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are depreciated over the following estimated useful lives:

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

#### 4. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The School has no items that meets the criterion for this category for the current fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The School has no items that meet this criterion.

#### 5. Long-term Obligations

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

#### 6. Compensated Absences

The School policy in regards to vacation is all leave lapses at year-end, therefore no accrual has been made. The sick leave policy of the School provides for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the School has no obligation for accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

#### 7. Net Position/Fund Balances

##### Net Position

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

##### Fund Balance

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

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



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

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

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

Envision Science Academy has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Board of Directors will use resources in the following hierarchy: bond proceeds, federal funds, State funds, local non-board of education funds, board of education funds. For purposes of fund balance classification expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The Board of Directors has the authority to deviate from this policy if it is in the best interest of the School.

8. The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. The net adjustment of (\$2,625,319) consists of several elements as follows:

<u>DESCRIPTION</u>	<u>AMOUNT</u>
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column).	\$ 10,012,943
Less accumulated depreciation	(1,978,048)
Liabilities for earned but unavailable revenues in fund statements:	
Bonds payable	(10,570,000)
Accrued interest payable	<u>(90,214)</u>
Total adjustment	<u>\$ (2,625,319)</u>

F. Revenues, Expenditures, and Expenses

1. Funding

Envision Science Academy is funded by the State Board of Education, receiving (i) an amount equal to the average per pupil allocation for the average daily membership (ADM) from the local school administrative unit allotments in which the school is located (i.e. Wake County Board of Education) for each child attending the School except for the allocation for children with special needs and (ii) an additional amount for each child attending the School who is a child with special needs [G.S. 115C-238.29H(a)]. Additionally, the appropriate local school administrative unit(s) transfers to the School, for each student who resides in the local administrative unit and attends the charter school, an amount equal to the per pupil local current expense appropriation to the respective unit for the fiscal year. [G.S. 115C.238.29H(b)]. For the fiscal year ended June 30, 2023, Envision Science Academy received funding from the Boards of Education for Durham (\$8,832), Franklin (\$235,195), Granville (\$57,171), Vance (\$1,249) and Wake (\$2,035,956) Counties.

Furthermore, Envision Science Academy has received donations of cash and/or equipment from private organizations. The cash has been used for the purchase of new equipment for the School’s facilities.

2. Reconciliation between government-wide and fund statements

The governmental fund statement of revenues, expenditures, and changes in fund balance is followed by a reconciliation between the change in fund balance – governmental activities and the change in net position – governmental funds as reported on the government-wide statement of activities. The net difference of (\$77,726) between the two amounts consists of the following elements:

<u>DESCRIPTION</u>	<u>AMOUNT</u>
Capital outlay expenditures recorded in the fund statements but capitalized as assets on the statement of activities.	\$ 7,999
Depreciation expense that is recorded on the statement of activities but not in the fund statements.	(332,409)
Principal payments on bonds	245,000
Differences in accrued interest payable	<u>1,684</u>
Total	<u>\$ (77,726)</u>

G. Use of Estimates and Assumptions

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenditures.

II. Stewardship, Compliance, and Accountability

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

Noncompliance with North Carolina General Statutes

None.

Contractual Violations

None.

III. Detail Notes on All Funds

A. Assets

1. Deposits

At June 30, 2023, the School had deposits with banks and savings and loans with a carrying amount of \$2,598,843. The bank balances with the financial institutions totaled \$2,729,421, of which \$250,000 is insured by the FDIC at June 30, 2023. The remaining \$2,479,421 is a credit risk. The School does not have a deposit policy for custodial credit risk.

At June 30, 2023, Envision Foundation, LLC had deposits with banks and savings and loans with a carrying amount of \$127,200. The bank balances with the financial institutions totaled \$129,023, which is insured by the FDIC at June 30, 2023. The Foundation does not have a deposit policy for custodial credit risk.

2. Restricted cash

The School has bond proceeds held in trust in various funds of \$945,053 at June 30, 2023.

3. Capital Assets

Capital asset activity for the year ended June 30, 2023, was as follows:

	<u>Beginning</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u>
Governmental activities:				
Capital assets being depreciated:				
Furniture and fixtures	\$ 71,149	\$ -	\$ -	\$ 71,149
Site improvements	517,036	7,999	-	525,035
Total capital assets being depreciated	<u>588,185</u>	<u>7,999</u>	<u>-</u>	<u>596,184</u>
Less accumulated depreciation for:				
Furniture and fixtures	31,192	10,164	-	41,356
Site improvements	28,197	17,254	-	45,451
Total accumulated depreciation	<u>59,389</u>	<u>\$ 27,418</u>	<u>\$ -</u>	<u>86,807</u>
Governmental activity capital assets, net	<u>\$ 528,796</u>			<u>\$ 509,377</u>

Depreciation expense was charged to governmental functions as follows:

Instructional programs	\$ 20,564
Supporting services	<u>6,854</u>
	<u>\$ 27,418</u>

Envision Foundation, LLC's capital asset activity for the year ended June 30, 2023 was as follows:

	Beginning	Increases	Decreases	Ending
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 637,472	\$ -	\$ -	\$ 637,472
Capital assets being depreciated:				
Building	8,235,050	-	-	8,235,050
Furniture & fixtures	142,407	-	-	142,407
Grounds	150,000	-	-	150,000
Site improvements	251,830	-	-	251,830
Total capital assets being depreciated	8,779,287	-	-	8,779,287
Less accumulated depreciation for:				
Building	1,457,685	274,502	-	1,732,187
Furniture & fixtures	88,819	20,344	-	109,163
Grounds	13,333	2,500	-	15,833
Site improvements	26,413	7,645	-	34,058
Total accumulated depreciation	1,586,250	\$ 304,991	\$ -	1,891,241
Capital assets being depreciated, net	7,193,037			6,888,046
Business-type activity capital assets, net	<u>\$ 7,830,509</u>			<u>\$ 7,525,518</u>

Depreciation expense was charged to governmental functions as follows:

Instructional programs	\$ 228,743
Supporting services	76,248
	<u>\$ 304,991</u>

## B. Liabilities

### 1. Pension Plan Obligations

#### a. Retirement Plan

The School maintained a 403(b)-retirement plan for the benefit of its employees for fiscal year 2023. The School will match the employees' contribution up to a maximum of 3%. All employees who are full-time employees of the School are eligible to participate in the plan. Employees may contribute into the retirement plan up to the amounts allowable by the Internal Revenue Service. The School made all required contributions. For the year ended June 30, 2023, the retirement cost for the 403(b) plan to the school was \$107,733 with employees contributing \$220,850.

### 2. Long-Term Obligation

#### a. Revenue Bond

The Public Finance Authority issued tax exempt bonds on behalf of Envision Foundation, LLC under an indenture of Trust dated May 1, 2016. The proceeds of the 2016 bonds were loaned to Envision Foundation, LLC for the purpose of financing the costs of acquiring, renovating, and equipping certain charter school educational facilities located in Wake Forest, North Carolina and establishing reserves to be used in the event of default. The amount of the issuance is \$11,500,000 and is expected to have a final maturity date of May 1, 2046. The bonds are expected to bear interest rates that range from 4.125% to 6.00%.

The future total principal and interest payments of the Revenue Bonds are as follows:

For the year ended June 30,	Principal	Interest	Total
2024	\$ 251,849	\$ 535,100	\$ 786,949
2025	266,695	524,736	791,431
2026	276,533	513,760	790,293
2027	286,364	502,379	788,743
2028	301,186	487,695	788,881
2029-2033	1,752,945	2,190,589	3,943,534
2034-2038	2,257,000	1,691,634	3,948,634
2039-2043	2,909,453	1,036,786	3,946,239
2044-2046	2,134,601	229,041	2,363,642
	<u>\$ 10,436,626</u>	<u>\$ 7,711,720</u>	<u>\$ 18,148,346</u>

Future maturities of the bond premium are as follows:

For the year ended June 30,	Principal	Interest	Total
2024	\$ 3,151	\$ 6,181	\$ 9,332
2025	3,305	6,027	9,332
2026	3,467	5,865	9,332
2027	3,636	5,696	9,332
2028	3,814	5,518	9,332
2029-2033	22,055	24,605	46,660
2034-2038	28,000	18,660	46,660
2039-2043	35,547	11,113	46,660
2044-2046	30,399	2,222	32,621
	<u>\$ 133,374</u>	<u>\$ 85,887</u>	<u>\$ 219,261</u>

The School is required to meet a debt coverage ratio of 1:10 or above each fiscal year based on actual annual lease payment and actual annual debt service for the fiscal year ended June 30, 2023. Starting with the fiscal year ended June 30, 2019, the debt service ratio is calculated on the basis of maximum annual lease payments and maximum annual debt service. The School is in compliance with the debt coverage ratio requirement.

Change in net position (pg. 16)	\$ 390,473
Plus: Depreciation	332,409
Plus: Interest (pg. 16)	<u>549,649</u>
Current year net income available for lease payments	1,272,531
Maximum annual lease payments	796,333
Maximum annual debt service (not including payments to Series 2016 bonds)	<u>-</u>
	796,333
Coverage Ratio	1.60

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

Unrestricted Cash (pg. 15)		\$ 2,726,043
Total Expenses (pg. 16)	7,220,605	
Accrued Interest (pg. 15)	<u>(90,214)</u>	
Operating Expenses	7,130,391	
Operating expenses, divided by 365, multiplied by 45		<u>879,089</u>
Surplus		<u>\$ 1,846,954</u>

b. Changes in General Long-Term Obligations

The following is a summary of changes in Envision Foundation, LLC's long-term obligations for the fiscal year ended June 30, 2023:

	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023	Current Portion
Governmental activities					
Education Revenue Bonds 2016A	\$ 10,678,622	\$ -	\$ 241,996	\$ 10,436,626	\$ 251,849
Bond Premium	136,378	-	3,004	133,374	3,151
Total Long-Term Obligations	<u>\$ 10,815,000</u>	<u>\$ -</u>	<u>\$ 245,000</u>	<u>\$ 10,570,000</u>	<u>\$ 255,000</u>

The following is a summary of changes in the School's long-term obligations for the fiscal year ended June 30, 2023:

	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023	Current Portion
Governmental activities					
Education Revenue Bonds 2016A	\$ 10,812,500	\$ -	\$ 246,667	\$ 10,565,833	\$ 257,500
Total Long-Term Obligations	<u>\$ 10,812,500</u>	<u>\$ -</u>	<u>\$ 246,667</u>	<u>\$ 10,565,833</u>	<u>\$ 257,500</u>

Total long-term obligations for the fiscal year ended June 30, 2023 are as follows:

	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023	Current Portion
Governmental activities					
Education Revenue Bonds 2016A	\$ 10,678,622	\$ -	\$ 241,996	\$ 10,436,626	\$ 251,849
Bond Premium	136,378	-	3,004	133,374	3,151
Capital lease payable	10,812,500	-	246,667	10,565,833	257,500
Elimination	<u>(10,812,500)</u>	-	<u>(246,667)</u>	<u>(10,565,833)</u>	<u>(257,500)</u>
Total Long-Term Obligations	<u>\$ 10,815,000</u>	<u>\$ -</u>	<u>\$ 245,000</u>	<u>\$ 10,570,000</u>	<u>\$ 255,000</u>

3. Operating and Capital Leases

Capital Leases – Related Party

The School entered into a capital lease on May 1, 2016 for facility rental from Envision Foundation, LLC. On December 7, 2016, the School amended the lease agreement for total payments in principal and interest of \$22,659,709. The agreement requires variable monthly payments and expires April 20, 2046. The School paid \$794,594 in principal and interest under this lease agreement for the year ended June 30, 2023. Future lease payments are included in the schedule below.

For the year ended June 30,	Principal	Interest	Total
2024	\$ 257,500	\$ 539,528	\$ 797,028
2025	271,667	528,906	800,573
2026	281,667	517,700	799,367
2027	292,500	505,598	798,098
2028	307,500	490,607	798,107
2029-2033	1,789,999	2,200,032	3,990,031
2034-2038	2,305,001	1,690,571	3,995,572
2039-2043	2,970,833	1,022,132	3,992,965
2044-2046	2,089,166	212,319	2,301,485
	<u>\$ 10,565,833</u>	<u>\$ 7,707,393</u>	<u>\$ 18,273,226</u>

4. Transfers

The School transferred \$794,594 to Envision Foundation, LLC as a part of a capital lease agreement required by Envision Foundation, LLC’s bond issue.

5. Fund Balance

Envision Science Academy has a revenue spending policy that provides policy for programs with multiple revenue sources. The Board of Directors will use resources in the following hierarchy: federal funds, State funds, local non-School funds, Envision Science Academy funds. For purposes of fund balance classification expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The Board of Directors has the authority to deviate from this policy if it is in the best interest of the School. The following schedule provides management and citizens with information on the portion of General fund balance that is available for appropriation.

<b>Total fund balance</b>	<b>\$2,616,049</b>
<b>Less:</b>	
<b>Prepaid Items</b>	-
<b>Remaining Fund Balance</b>	<b>\$2,616,049</b>

#### IV. Summary Disclosure of Significant Contingencies

##### Federal and State Assisted Programs

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

##### COVID-19 Contingencies

During the year ended June 30, 2021, the COVID-19 pandemic in the United States caused business disruption through mandated and voluntary closings. The extent of the impact of COVID-19 on operational and financial performance will depend on certain developments and cannot be reasonably predicted and estimated at this time. The COVID-19 pandemic is ongoing as of June 30, 2023, and additional impact on operational and financial performance may occur.

##### V. Subsequent Events – Date of Management’s Review

The School has evaluated subsequent events from the date of the balance sheet through the date the report is available to be issued which is the date of the independent auditors’ report. The School has not evaluated subsequent events after that date.

##### VI. Related Party Transactions

Envision Science Academy, Inc. has an agreement for property use with Envision Foundation, LLC. During the year ended June 30, 2023, Envision Science Academy paid \$794,594 on this agreement.

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



## **NON-MAJOR FUNDS**

Federal Grants Fund - This fund is used to account for the federal grant activity of the school.

Statement 1

Envision Science Academy, Inc.  
 Non-major Governmental Fund  
 Balance Sheet  
 June 30, 2023

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

**Envision Science Academy, Inc.**  
**Non-major Governmental Fund**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances**  
**For the Fiscal Year Ended June 30, 2023**

	Special Revenue Funds
	Totals 2023
Revenues:	
U.S. Government	
Education Stabilization Funds	\$ 145,684
Special Education Cluster	124,292
Total	269,976
Donations	-
Other	-
Total	-
Total Revenues	269,976
Expenditures:	
Current	
Instructional programs:	
Regular programs	-
Special programs	126,233
Alternative programs	140,941
School-based support services	-
Total	267,174
Support services:	
Alternative support	2,802
Total	2,802
Non-programmed charges:	
Other	-
Total	-
Total expenditures	269,976
Revenues over expenditures	-
Fund balances:	
Beginning of year, July 1	-
End of year, June 30	\$ -

**Envision Science Academy, Inc.**  
**All Fund Types**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**Government-wide Budget**  
**Year Ended June 30, 2023**

	2022		Favorable (Unfavorable) Variance
	Final Budget	Actual	
<b>Revenues:</b>			
State of North Carolina	\$ 4,907,981	\$ 4,907,603	\$ (378)
Boards of Education	2,335,997	2,338,403	2,406
U.S.Government	274,046	269,976	(4,070)
Contributions and donations	-	-	-
Others	70,241	93,357	23,116
Total revenues	<u>7,588,265</u>	<u>7,609,339</u>	<u>21,074</u>
<b>Expenditures</b>			
Books & supplies	228,155	213,516	14,639
Technology	184,995	177,920	7,075
Personnel	5,306,963	5,293,490	13,473
Human resources	132,875	130,219	2,656
Facilities	971,309	961,277	10,032
Utilities	83,772	82,743	1,029
Debt service	-	-	-
Other	281,116	281,975	(859)
Capital purchases	-	-	-
Total expenditures	<u>7,189,185</u>	<u>7,141,140</u>	<u>48,045</u>
<b>Other financing sources (uses):</b>			
Appropriated fund balance	-	-	-
Proceeds from Payroll Protection	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>
Earnings before interest, taxes, depreciation and amortization	<u>\$ 399,080</u>	<u>\$ 468,199</u>	<u>\$ 69,119</u>
<b>Reconciling items:</b>			
Capital outlay		7,999	
Principal payments		245,000	
Depreciation		(332,409)	
Other reconciling items		<u>1,684</u>	
Excess of revenues over expenditures		<u>\$ 390,473</u>	

COMPLIANCE SECTION

ENVISION SCIENCE ACADEMY, INC.

WAKE FOREST, NORTH CAROLINA

JUNE 30, 2023



**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***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Envision Science Academy, Inc. as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprises Envision Science Academy, Inc.'s basic financial statements and have issued our report thereon dated October 16, 2023.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Envision Science Academy, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Envision Science Academy, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Envision Science Academy, Inc.'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 School'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 the internal control over financial reporting 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 Envision Science Academy, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.



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Rebekah Barr, CPA PC  
Certified Public Accountant  
Wilson, North Carolina

October 16, 2023



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE; IN ACCORDANCE WITH OMB UNIFORM GUIDANCE; AND THE STATE SINGLE AUDIT IMPLEMENTATION ACT

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

**Report on Compliance for Each Major State Program**

We have audited Envision Science Academy, Inc.'s compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on its major State program for the year ended June 30, 2023. Envision Science Academy, Inc.'s major State program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Envision Science Academy, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

***Basis for Opinion on Each Major State Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Envision Science Academy, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state program. Our audit does not provide a legal determination of Envision Science Academy, Inc.'s compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to its major State program.

***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Envision Science Academy, Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally



accepted auditing stands, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Envision Science Academy, Inc.'s compliance with the requirements of each major state program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Envision Science Academy, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Envision Science Academy, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Envision Science Academy, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during audit.

#### **Report on Internal Control Over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

*Rebekah Barr, CPA PC*

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Rebekah Barr, CPA PC  
Certified Public Accountant  
Wilson, North Carolina

October 16, 2023

ENVISION SCIENCE ACADEMY, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2023

SECTION I. -- SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance to GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	_____ yes	___X___ no
Significant deficiency(ies) identified that are not considered to be material weaknesses?	_____ yes	___X___ none reported

Noncompliance material to financial statements noted	_____ yes	___X___ no
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State Awards

Internal control over major state programs:

Material weakness(es) identified?	_____ yes	___X___ no
Significant deficiency(ies) identified that are not considered to be material weaknesses?	_____ yes	___X___ none reported

Type of auditor's report issued on compliance for major state programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act	_____ yes	___X___ no
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Identification of major state programs:

Program Name

State Public School Funds (PRC036 - Charter School Funds)

ENVISION SCIENCE ACADEMY, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2022

SECTION II. -- FINANCIAL STATEMENT FINDINGS

None reported

SECTION III. -- STATE AWARD FINDINGS AND QUESTIONED COSTS

None reported.

ENVISION SCIENCE ACADEMY, INC.  
CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED JUNE 30, 2023

SECTION II. -- FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III. -- STATE AWARD FINDINGS AND QUESTIONED COSTS

None reported.

ENVISION SCIENCE ACADEMY, INC.  
SUMMARY SCHEDULE OF PRIOR YEAR'S AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2023

There were no prior year audit findings.

ENVISION SCIENCE ACADEMY, INC.  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

GRANTOR/PASS-THROUGH GRANTOR PROGRAM TITLE	FEDERAL ASSISTANCE LIVING NUMBER	STATE/ PASS-THROUGH GRANTOR'S NUMBER	EXPENDITURES
FEDERAL GRANTS:			
CASH ASSISTANCE			
<u>US Department of Education</u>			
Passed Through the North Carolina			
Department of Public Instruction:			
Education Stabilization Funds:			
GEER - Student Health Support	84.425D	PRC 169	960
GEER - Supplemental Instructional	84.425D	PRC 170	8,372
ESSER II - PSU Supplemental	84.425D	PRC 172	18,232
ESSER II - Instructional Support	84.425D	PRC 173	4,727
ESSER II - Learning Loss Funds	84.425D	PRC 176	13,240
ESSER II - Summer Career Acc	84.425D	PRC 177	3,035
ESSER III - PSU Supplemental	84.425D	PRC 182	85,543
ESSER III - ARP - Summer Career	84.425D	PRC 188	1,879
ESSER III - ARP - Instructional Learning	84.425U	PRC 189	9,696
Total Education Stabilization Funds			145,684
Special Education Cluster:			
Idea VI-B Handicapped	84.027A	PRC 060	113,956
Special Needs Targeted Assistance	84.027A	PRC 118	10,336
Total Special Education Cluster			124,292
TOTAL FEDERAL CASH ASSISTANCE			269,976
NC STATE GRANTS:			
CASH ASSISTANCE			
<u>NC Department of Public Instruction</u>			
State Summer Reading Camps		PRC 016	15,258
State Public School Funds		PRC 036	4,885,626
Third Grade Read to Achieve		PRC 046	3,489
Principal and Other Teacher Performance Bonus		PRC 048	3,230
TOTAL NC STATE CASH ASSISTANCE			4,907,603
TOTAL FEDERAL AND STATE AWARDS			\$ 5,177,579

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

Basis of Presentation

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of the Envision Science Academy, Inc. under the programs of the federal government and the State of North Carolina for the year ended June 30, 2022. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of Envision Science Academy, Inc., it is not intended to and does not present the financial position, changes in net position, or cash flows of Envision Science Academy, Inc..

Note 2: Indirect Costs

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

Note 3: Summary of Significant Accounting Policies

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