# SAMSULA ACADEMY

## BASIC FINANCIAL STATEMENTS
## AND
## REQUIRED SUPPLEMENTARY INFORMATION

**JUNE 30, 2024**

**SAMSULA ACADEMY**
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JAMESMOORE

# INDEPENDENT AUDITORS' REPORT

To the Governing Board of
Samsula Academy:

## Report on the Audit of the Financial Statements

### *Opinions*

We have audited the financial statements of the governmental activities and each major fund of Samsula Academy (the School), a component unit of the District School Board of Volusia County, Florida, as of and for the year ended June 30, 2024, 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 accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the School, as of June 30, 2024, and the respective changes in financial position 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (GAS)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School 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*

The School's management is responsible for the preparation and fair presentation of the 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 the School'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.

### *Auditors' 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 auditors' 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 GAAS and GAS 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 GAAS and GAS, 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 the School'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 the School'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 and budgetary comparison information as listed in the accompanying table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

***Emphasis of Matter***

As discussed in Note (1), the financial statements of Samsula Academy are intended to present the financial position and the changes in financial position, of only that portion of the governmental activities and each major fund of the School that is attributable to the transactions of Samsula Academy. They do not purport to, and do not, present fairly the financial position of the Reading Edge Academy, Inc. as of

June 30, 2024, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Recurring Decreases in General Fund Balance and General Fund Balance Deficit***

As discussed in Note 7 to the financial statements, Samsula Academy has suffered recurring decreases in general fund balance and has a general fund balance deficit. Management's evaluation of the events and conditions and management's plans to mitigate these matters are also described in Note 7. Our opinion is not modified with respect to this matter.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2024, 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 the effectiveness of 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.

James Moore & Co., P.L.

Daytona Beach, Florida
December 6, 2024

**SAMSULA ACADEMY**
**MANAGEMENT'S DISCUSSION AND ANALYSIS**
**JUNE 30, 2024**

As management of Samsula Academy (the School), we offer readers of the School's financial statements this narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2024 to (a) assist the reader in focusing on significant financial issues, (b) provide an overview and analysis of the School's financial activities, (c) identify changes in the School's financial position, (d) identify material deviations from the approved budget, and (e) highlight significant issues in individual funds.

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 found on pages 10 - 24.

## FINANCIAL HIGHLIGHTS

- The assets of Samsula Academy exceeded its liabilities at the close of the most recent fiscal year by $807,576 (net position).

- As of the close of the current fiscal year, Samsula Academy's governmental funds reported a combined deficit ending fund balances of $150,369.

- At the end of the current fiscal year, unassigned fund balance for the general fund was a deficit of $200,069.

## OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to Samsula Academy's basic financial statements. Samsula Academy's basic financial statements comprise three components: 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 a broad overview of Samsula Academy's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of Samsula Academy'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 Samsula Academy is improving or deteriorating.

The statement of activities presents information showing how the School's net position changed during the most recent fiscal year. 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. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected funding).

Both of the government-wide financial statements distinguish functions of Samsula Academy that are principally supported by school board, state, and federal funding (governmental activities) and charges for services from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of Samsula Academy include basic instruction, exceptional instruction, media services, guidance services, health services, curriculum development, staff development, general administration, school administration, facilities, fiscal services, food services, transportation, operation of plant, maintenance of plant, community services, other programs and services, interest on long-term debt, and unallocated depreciation.

The government-wide financial statements include only Samsula Academy itself, which is a component unit of the Volusia County School Board. The Volusia County School Board includes the operations of Samsula Academy in their operations.

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

**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. Samsula Academy, like other charter schools, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the operations of Samsula Academy are presented in governmental funds only.

**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 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 a government'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 government'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 fund and governmental activities.

Samsula Academy maintains two 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 in the general fund and capital fund, both of which are considered to be major funds. The general fund is not restricted by an outside source and can be used to fund general activities. This fund accounts for all resources for the leasing or acquisition of capital facilities by the School to the extent funded by capital grants. The capital fund monies must be spent on certain things set forth in the Florida Statutes, which allow 31 months to spend those monies.

Samsula Academy adopts an annual appropriated budget for all funds. A budgetary comparison schedule has been provided to demonstrate compliance with this budget. Presentation of the Capital Fund is not required by GASB.

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.

## CONDENSED FINANCIAL INFORMATION

The following table presents condensed, government-wide data about net position and changes in net position as of and for the years ended June 30, 2024 and 2023.

**Net position**

| | June 30, 2024 Governmental Activities | June 30, 2023 Governmental Activities |
|---|---|---|
| **Assets:** | | |
| Non-capital assets | $ 128,440 | $ 216,963 |
| Capital assets, net | 966,781 | 982,887 |
| **Total Assets** | $ 1,095,221 | $ 1,199,850 |
| **Liabilities:** | | |
| Current liabilities | $ 278,809 | $ 167,312 |
| Noncurrent liabilities | 8,836 | 15,464 |
| **Total Liabilities** | $ 287,645 | $ 182,776 |
| **Net position:** | | |
| Net Investment in capital assets | $ 966,781 | $ 982,887 |
| Restricted | -0- | 30,905 |
| Unrestricted | (159,205) | 3,282 |
| **Total Net position** | $ 807,576 | $ 1,017,074 |

## Change in Net position

| | June 30, 2024 Governmental Activities | June 30, 2023 Governmental Activities |
|---|---|---|
| **Program revenues:** | | |
| Capital grants and contributions: | | |
| Capital Funds | $ 96,600 | $ 77,434 |
| Operating Contributions | 274,938 | 15,885 |
| Charges for service | 158,514 | 195,282 |
| **General revenues:** | | |
| Volusia County District School Board | 1,343,654 | 1,145,401 |
| Other revenues | 2,097 | 1,675 |
| **Total revenues** | $ 1,875,803 | $ 1,435,677 |
| **Program expenses:** | | |
| Basic instruction | $ 1,070,329 | $ 954,135 |
| Exceptional instruction | 122,082 | 140,195 |
| General administration | 21,481 | 20,280 |
| School administration | 173,711 | 198,787 |
| Fiscal services | 124,882 | 29,666 |
| Food services | 103,493 | 77,189 |
| Transportation | 1,340 | -0- |
| Plant | 275,772 | 333,351 |
| Other programs and services | 100,554 | 72,544 |
| Unallocated depreciation | 91,657 | 95,911 |
| **Total expenses** | $ 2,085,301 | $ 1,922,058 |
| **Change in net position** | (209,498) | (486,381) |
| **Net position, beginning of year** | 1,017,074 | 1,503,455 |
| **Net position, end of year** | $ 807,576 | $ 1,017,074 |

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the School's financial position. In the case of Samsula Academy, assets did exceed liabilities by $807,576 at the close of the most recent fiscal year. The $209,498 decrease in net assets is primarily attributed to a decreased revenue due to a smaller enrollment.

As a result of the current fiscal year operations, Samsula Academy is reporting a decrease of $162,487 in unrestricted net position from government activities based on operating activities. Samsula Academy is reporting a current year decrease of $16,106 in net investment in capital assets. This decrease is related to depreciation of capital assets exceeding the acquisition of capital assets.

## FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

As noted earlier, Samsula Academy uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds**—The focus of Samsula Academy's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing Samsula Academy's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Samsula Academy's governmental funds reported combined ending fund deficit of $150,369. The capital fund monies are required to be spent on certain things set forth in the Florida Statutes and the statutes allow 31 months to spend those monies. As of June 30, 2024, Samsula Academy had no capital fund monies remaining to be spent.

The general fund is the chief operating fund of Samsula Academy At the end of the current fiscal year, unassigned fund surplus of the general fund was a negative $200,069, a decrease of $166,804 from the prior year. The total general fund balance decreased by $200,020 during the current fiscal year.

## GENERAL FUND BUDGETARY HIGHLIGHTS

Samsula Academy did not amend its budget in 2024. The 2024 actual amounts compared to final budget amounts showed that while fund balance increased, expenditures were larger than originally budgeted.

## CAPITAL ASSETS

Samsula Academy's investment in capital assets for its governmental activities as of June 30, 2024, amounts to $966,781. This investment in capital assets includes the school facility and related land, fixed equipment, furniture, and fixtures.

## ECONOMIC FACTORS

Samsula Academy is primarily funded through local, state, and federal funding passed through from the Volusia County School Board. This funding is allocated according to the number of students enrolled. Enrollment for the 2023-2024 school year was 160 students. Enrollment for the 2024-2025 school year is currently 151 students.

## REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Samsula Academy 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 Samsula Academy, 248 N. Samsula Drive, New Smyrna Beach, FL 32168.

**SAMSULA ACADEMY**
**STATEMENT OF NET POSITION**
**JUNE 30, 2024**

| | Governmental Activities |
|---|---|
| **ASSETS** | |
| Cash and cash equivalents | $ 71,490 |
| Prepaid items | 46,073 |
| Inventory | 3,627 |
| Capital assets: | |
| Land | 200,000 |
| Other capital assets, net of accumulated depreciation | 766,781 |
| Deposits | 7,250 |
| Total Assets | $ 1,095,221 |
| **LIABILITIES** | |
| Accounts payable and accrued expenses | $ 44,036 |
| Due to Reading Edge Academy | 234,773 |
| Noncurrent liabilities: | |
| Compensated absences | 8,836 |
| Total Liabilities | $ 287,645 |
| **NET POSITION** | |
| Net investment in capital assets | $ 966,781 |
| Unrestricted | (159,205) |
| Total Net Position | $ 807,576 |

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

**SAMSULA ACADEMY**
**STATEMENT OF ACTIVITIES**
**FOR THE YEAR ENDED JUNE 30, 2024**

| Functions/Programs | Expenses | Program Revenues: Charges for Services | Program Revenues: Operating Grants and Contributions | Program Revenues: Capital Grants and Contributions | Net (Expense) Revenue and Changes in Net Position: Governmental Activities |
|---|---|---|---|---|---|
| **Governmental activities** | | | | | |
| Basic instruction | $ 1,070,329 | $ - | $ 270,160 | $ - | $ (800,169) |
| Exceptional instruction | 122,082 | - | - | - | (122,082) |
| General administration | 21,481 | - | - | - | (21,481) |
| School administration | 173,711 | - | 4,778 | - | (168,933) |
| Fiscal services | 124,882 | - | - | - | (124,882) |
| Food services | 103,493 | 41,323 | - | - | (62,170) |
| Transportation | 1,340 | - | - | - | (1,340) |
| Operation of plant | 275,772 | - | - | 96,600 | (179,172) |
| Other programs and services | 100,554 | 117,191 | - | - | 16,637 |
| Unallocated depreciation | 91,657 | - | - | - | (91,657) |
| Total governmental activities | $ 2,085,301 | $ 158,514 | $ 274,938 | $ 96,600 | (1,555,249) |
| | **General revenues** | | | | |
| | Volusia County School Board | | | | 1,343,654 |
| | Interest income | | | | 2,097 |
| | Total general revenues | | | | 1,345,751 |
| | **Change in net position** | | | | (209,498) |
| | **Net position,** beginning of year | | | | 1,017,074 |
| | **Net position,** end of year | | | | $ 807,576 |

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

**SAMSULA ACADEMY**
**BALANCE SHEET - GOVERNMENTAL FUNDS**
**JUNE 30, 2024**

| | General Fund | Capital Fund | Total Governmental Funds |
|---|---|---|---|
| **ASSETS** | | | |
| Cash and cash equivalents | $ 71,490 | $ - | $ 71,490 |
| Prepaid items | 46,073 | - | 46,073 |
| Inventory | 3,627 | - | 3,627 |
| Deposits | 7,250 | - | 7,250 |
| Total Assets | $ 128,440 | $ - | $ 128,440 |
| **LIABILITIES** | | | |
| Accounts payable and accrued expenditures | $ 44,036 | $ - | $ 44,036 |
| Due to Reading Edge Academy | 234,773 | - | 234,773 |
| Total Liabilities | 278,809 | - | 278,809 |
| **FUND BALANCES (DEFICIT)** | | | |
| Nonspendable: | | | |
| Prepaids | 46,073 | - | 46,073 |
| Inventory | 3,627 | - | 3,627 |
| Unassigned | (200,069) | - | (200,069) |
| Total Fund Balances (Deficit) | (150,369) | - | (150,369) |
| **TOTAL LIABILITIES AND FUND BALANCES** | $ 128,440 | $ - | $ 128,440 |

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

**SAMSULA ACADEMY**
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**
**TO THE STATEMENT OF NET POSITION**
**JUNE 30, 2024**

| | | |
|---|---|---|
| Fund balances (deficit) - total governmental funds | | $ (150,369) |
| 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: | | |
| Land | 200,000 | |
| Buildings and improvements | 2,006,542 | |
| Furniture, fixtures and equipment | 197,135 | |
| Accumulated depreciation | (1,436,896) | |
| Total capital assets, net | | 966,781 |
| Other long-term liabilities are not due and payable currently and therefore are not reported as liabilities of the governmental funds: | | |
| Compensated absences | | (8,836) |
| Total net position of governmental activities | | $ 807,576 |

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

**SAMSULA ACADEMY**
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)**
**GOVERNMENTAL FUNDS**
**FOR THE YEAR ENDED JUNE 30, 2024**

| | General Fund | Capital Fund | Total Governmental Funds |
|---|---|---|---|
| **Revenues** | | | |
| Volusia County District School Board | $ 1,343,654 | $ - | $ 1,343,654 |
| Grants | 270,160 | - | 270,160 |
| Capital funds | - | 96,600 | 96,600 |
| Other revenues: | | | |
| Donations | 4,778 | - | 4,778 |
| Community services fees | 158,514 | - | 158,514 |
| Interest | 2,097 | - | 2,097 |
| Total revenues | 1,779,203 | 96,600 | 1,875,803 |
| **Expenditures** | | | |
| Current: | | | |
| Basic instruction | 1,070,329 | - | 1,070,329 |
| Exceptional instruction | 122,082 | - | 122,082 |
| General administration | 21,481 | - | 21,481 |
| School administration | 180,339 | - | 180,339 |
| Fiscal services | 124,882 | - | 124,882 |
| Food services | 110,358 | - | 110,358 |
| Transportation | 1,340 | - | 1,340 |
| Operation of plant | 344,458 | - | 344,458 |
| Other programs and services | 100,554 | - | 100,554 |
| Total expenditures | 2,075,823 | - | 2,075,823 |
| **Excess (deficiency) of revenues over expenditures** | (296,620) | 96,600 | (200,020) |
| **Other financing sources (uses)** | | | |
| Transfers in | 127,505 | - | 127,505 |
| Transfers out | - | (127,505) | (127,505) |
| Total other financing sources (uses) | 127,505 | (127,505) | - |
| **Net change in fund balance** | (169,115) | (30,905) | (200,020) |
| **Fund balances,** beginning of year | 18,746 | 30,905 | 49,651 |
| **Fund balances (deficit),** end of year | $ (150,369) | $ - | $ (150,369) |

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

**SAMSULA ACADEMY**
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT) OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**
**FOR THE YEAR ENDED JUNE 30, 2024**

| | | |
|---|---|---|
| Net change in fund balances - total governmental funds | | $ (200,020) |
| 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. | | |
| Total capital outlay | 75,551 | |
| Current year depreciation | (91,657) | |
| | | (16,106) |
| Interest and other 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. | | |
| Compensated absences | | 6,628 |
| Change in net position of governmental activities | | $ (209,498) |

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

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

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

(a) **Reporting entity**—Samsula Academy (the School) is part of the Florida system of public education under the general direction of the Florida Department of Education (Department). The School was created pursuant to Chapter 228, Florida Statutes, under the charter of another charter school, Reading Edge Academy, Inc. (Reading Edge). Reading Edge's charter was amended to allow for the operation of a second school site, Samsula Academy, beginning the 2008-2009 school year. Prior to the school year 2011-2012, the School's activity was included with Reading Edge's activity in combined financial statements. Since the School now operates under its own charter with the District School Board, it is required to issue separate financial statements.

Commencing with school year 2011-2012, the School operates under its own charter which was approved by the District School Board of Volusia County, Florida (District School Board). The charter was renewed in July 2016 for a five-year term through June 30, 2021. The current charter was extended for another five-year term and effective until June 30, 2026. The charter is subject to annual review and may be terminated during the term of the charter. In the event the School is dissolved or terminated, any public unencumbered funds and all school property purchased with public funds automatically revert to the 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 provides 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, is subdivided into three categories: net investment in capital asset; 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.

(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 are reported as general revenues, such as revenue received from the District School Board.

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. All of the School's funds are deemed major funds. 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 and 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.

(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, and for certain revenues from federal and state sources that are legally restricted to be expended for specific current operating purposes.

**Capital Fund**—In accordance with guidelines established by the District School Board, this capital projects fund accounts for financial resources that are restricted, committed, or assigned for capital outlay, including acquisition or construction of major facilities or other capital assets.

(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 operation at the combined governmental level and may be amended by the Board of Directors (the Board). For fiscal year ended June 30, 2024, 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. For the year ended June 30, 2024, expenditures exceeded appropriations in the General Fund by $171,237 and in the Capital Fund by $127,505.

(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) **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 2024, no provision for income taxes is provided in the financial statements.

Management of the School 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 School's status as a not-for-profit entity. Management believes the School 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 School's income tax returns for the past three years are subject to examination by tax authorities, and may change upon examination.

(g) **Capital assets**—Capital assets are defined by the School as assets with either an initial individual cost or a grouping of like assets with a cost of more than $5,000 and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated fair value 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.

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

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

| Asset Class | Estimated Useful Lives |
|---|---|
| Improvements other than buildings | 8 – 15 |
| Buildings | 40 |
| Furniture and equipment | 3 – 10 |

(h) **Revenue sources**—Revenues for current operations are received primarily from the District School Board pursuant to the funding provisions included in the School's charter. 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 School Board. Under the provisions of Section 1011.62, Florida Statutes, the District School Board 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 may receive federal and state awards for the enhancement of various educational programs. This assistance is generally based on applications submitted to and approved by various granting agencies. These 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.

(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) **Deferred outflows/inflows of resources**—In addition to assets, the statement of financial position will, if required, report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the School does not have any items that meet the definition of a deferred outflow of resources.

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 assets that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Currently, the School does not have any items that meet the definition of a deferred inflow of resources.

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

(k) **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.

(l) **Compensated absences**—It is the School's policy to grant employees sick leave based upon employment agreements with the School. Sick leave may be used as time off or accrued up to a prescribed maximum number of hours. Employees resigning or retiring with two weeks' notice shall be paid for their credited sick leave up to the maximum allowable rate. Such leave pay shall be made in accordance with individual employment contracts. Employees who terminate prior to completion of six months' continuous service will not be paid for any accrued sick leave time.

(m) **Inventory and prepaid items**—Inventories of food and school uniforms are valued at cost based on current purchase prices using the first-in, first-out (FIFO) method. 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 prepaid items 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.

(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 funds balance sheet is a reconciliation between *fund balances – total governmental funds and net position of governmental activities* as reported in the government-wide statement of net position. The details of this difference are explained in the above referenced financial statement.

(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 funds 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*. The details of this difference are explained in the above referenced financial statement.

(3) **Capital Assets:**

Capital asset activity for the year ended June 30, 2024, was as follows**:**

| | Balance July 1, 2023 | Additions | Deletions | Balance June 30, 2024 |
|---|---|---|---|---|
| Capital assets, not being depreciated: | | | | |
| Land | $ 200,000 | $ - | $ - | $ 200,000 |
| Total capital assets, not being depreciated | 200,000 | - | - | 200,000 |
| Capital assets, being depreciated: | | | | |
| Buildings and improvements | 1,967,892 | 38,650 | - | 2,006,542 |
| Furniture, fixtures and equipment | 160,234 | 36,901 | - | 197,135 |
| Total capital assets, being depreciated | 2,128,126 | 75,551 | - | 2,203,677 |
| Less, accumulated depreciation for: | | | | |
| Buildings and improvements | 1,216,377 | 76,885 | - | 1,293,262 |
| Furniture, fixtures and equipment | 128,862 | 14,772 | - | 143,634 |
| Total accumulated depreciation | 1,345,239 | 91,657 | - | 1,436,896 |
| Total capital assets, being depreciated, net | 782,887 | (16,106) | - | 766,781 |
| Capital assets, net | $ 982,887 | $ (16,106) | $ - | $ 966,781 |

Capital assets are used by multiple functions with the School and cannot be easily charged directly to a specific function. For the year ended June 30, 2024, unallocated depreciation expense was $91,657.

## (4) Long-term Obligations:

The following is a summary of changes in long-term obligations during the fiscal year:

| | Balance July 1, 2023 | Additions | Reductions | Balance June 30, 2024 | Due Within One Year |
|---|---|---|---|---|---|
| **Governmental activities:** | | | | | |
| Compensated absences | $ 15,464 | $ - | $ 6,628 | $ 8,836 | $ - |

## (5) Concentrations:

(a) **Revenue sources**—As stated in Note (1), the School receives revenues for current operations primarily from the District School Board, 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 School Board. Under the provisions of Section 1011.62, Florida Statutes, the District School Board 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.

(b) **Cash and cash equivalents**—At June 30, 2024, the carrying amount of the School's deposits was $71,490 and the bank balances were $107,550. The School maintains cash deposits at one 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 applicable 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.

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.

## (6) Related Party Information:

The District School Board provides the School with various equipment and furniture. The District School Board maintains title to said property and all property is to be returned to the District School Board 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. However, if the School receives surplus equipment and furniture, said property becomes the property of the School and does not have to be returned to the District School Board.

During the year ended June 30, 2024, a working line of credit with repayment on demand for the School from Reading Edge Academy, Inc. was implemented effective June 1, 2023. The working line of credit was established to help the School cover certain expenses near year-end. At June 30, 2024, the School had a balance of $234,773 due to Reading Edge Academy, Inc. and is included as a liability in the accompanying financial statements.

## (7) Recurring Decreases in General Fund Balance and General Fund Balance Deficit:

The School's financial statements are prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of obligations in the normal course of business. As discussed in Note (6), the School has a working line of credit with Reading Edge Academy, Inc. to help cover expenses near year-end due to the recurring decreases in general fund balance the School has experienced in recent years, with a balance of $234,773 due to the other school. In addition, the General Fund has a deficit fund balance of $150,369. These conditions, among others, raise substantial doubt about the ability of the School to continue as a going concern.

In view of these matters, continuation as a going concern is dependent upon continued operations of the School, which in turn is dependent upon the School's ability to, meets its financial requirements, raise additional capital, and the success of its future operations. The financial statements do not include any adjustments to the amount and classification of assets and liabilities that may be necessary should the School not continue as a going concern.

Management plans to improve operations of the School include increasing student population, increase other revenues, and reduce expenditures. There are no written agreements in place for such additional funding or reduction of expenditures, and there can be no assurance that such will be available in the future. Management believes that this plan provides an opportunity for the School to continue as a going concern.

## (8) Interfund Accounts and Transfers:

Transfers are used to move unrestricted revenue to finance various programs that the School must account for in other funds in accordance with budgeting authorization. During the year ended June 30, 2024, the Capital Fund transferred $127,505 to the General Fund.

## (9) Retirement Plan:

The School is not a separate legal entity and operates within the legal structure of Reading Edge Academy, Inc. which established a 401(k)-savings plan beginning July 1, 2011. Under this plan, an employee is eligible to participate immediately upon hire with no service requirement or age limitation. The plan allows matching employer contributions up to 3% of eligible participants' compensation. During the year ended June 30, 2024, the School's contribution was $15,091.

## (10) 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

## (11) 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, 2024, 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. 101, *Compensated Absences*, in June 2022. GASB Statement No. 101 amends the existing guidance related to the calculation and disclosures surrounding the liability for compensated absences. The provisions for GASB 101 are effective for fiscal years beginning after December 15, 2023.

(b) GASB issued Statement No. 102, *Certain Risk Disclosures*, in December 2023. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. The provisions for GASB 102 are effective for fiscal years beginning after June 15, 2024.

(c) GASB issued Statement No. 103, *Financial Reporting Model Improvements*, in April 2024. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The provisions for GASB 103 are effective for fiscal years beginning after June 15, 2025.

## REQUIRED SUPPLEMENTARY INFORMATION

**SAMSULA ACADEMY**
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT) - BUDGET TO ACTUAL - GENERAL FUND**
**FOR THE YEAR ENDED JUNE 30, 2024**

| | Budget | | | Variance - Positive |
|---|---|---|---|---|
| | Original | Final | Actual | (Negative) |
| **Revenues** | | | | |
| Volusia County District School Board | $ 1,369,318 | $ 1,414,819 | $ 1,343,654 | $ (71,165) |
| Grants | - | 255,350 | 270,160 | 14,810 |
| Other revenues: | | | | |
| Donations | - | - | 4,778 | 4,778 |
| Community services fees | 165,081 | 160,197 | 158,514 | (1,683) |
| Interest | - | 1,500 | 2,097 | 597 |
| Total revenues | 1,534,399 | 1,831,866 | 1,779,203 | (52,663) |
| **Expenditures** | | | | |
| Current: | | | | |
| Basic instruction | 949,629 | 1,000,987 | 1,070,329 | (69,342) |
| Exceptional instruction | 121,420 | 144,231 | 122,082 | 22,149 |
| General administration | - | - | 21,481 | (21,481) |
| School administration | 124,762 | 125,662 | 180,339 | (54,677) |
| Fiscal services | 71,749 | 92,256 | 124,882 | (32,626) |
| Food services | 89,216 | 127,654 | 110,358 | 17,296 |
| Transportation | - | - | 1,340 | (1,340) |
| Operation of plant | 203,145 | 356,051 | 344,458 | 11,593 |
| Other programs and services | 30,745 | 57,745 | 100,554 | (42,809) |
| Total expenditures | 1,590,666 | 1,904,586 | 2,075,823 | (171,237) |
| **Excess (deficiency) of revenues over expenditures** | (56,267) | (72,720) | (296,620) | (223,900) |
| **Other financing sources (uses)** | | | | |
| Transfers in | - | - | 127,505 | 127,505 |
| Total other financing sources | - | - | 127,505 | 127,505 |
| **Net change in fund balance** | (56,267) | (72,720) | (169,115) | (96,395) |
| **Fund balances,** beginning of year | 18,746 | 18,746 | 18,746 | - |
| **Fund balances (deficit),** end of year | $ (37,521) | $ (53,974) | $ (150,369) | $ (96,395) |

The accompanying notes to required supplementary information are an integral part of this schedule.

**SAMSULA ACADEMY**
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**
**JUNE 30, 2024**

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

The Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual – General Fund is presented using the School's budget format for the General Fund.

(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 operation at the combined governmental level and may be amended by the Board of Directors (the Board). For fiscal year ended June 30, 2024, 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.

For the year ended June 30, 2024, expenditures exceeded appropriations in the General Fund by $171,237.

JAMESMOORE

**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 Governing Board of,
Samsula Academy:

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 Samsula Academy (the School), a component unit of the District School Board of Volusia County, Florida, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated December 6, 2024.

***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. 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 or significant deficiencies may exist that were not identified.

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

**Purpose of this Report**

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

James Moore & Co., P.L.

Daytona Beach, Florida
December 6, 2024

JAMESMOORE

**INDEPENDENT AUDITORS' MANAGEMENT LETTER REQUIRED BY CHAPTER 10.850, RULES OF THE STATE OF FLORIDA OFFICE OF THE AUDITOR GENERAL**

To the Governing Board of,
Samsula Academy:

**Report on the Financial Statements**

We have audited the financial statements of the governmental activities and each major fund of Samsula Academy (the School), a component unit of the District School Board of Volusia County, Florida, as of and for the fiscal year ended June 30, 2024, and have issued our report thereon dated December 6, 2024.

**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 December 6, 2024, 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. Finding 2024-002 was included in the second preceding annual financial report. The following is a summary of all findings and recommendations reported in the preceding financial audit report:

**2023-001 – Review of Year-End Transactions –** Corrective action taken.

**2023-002 – Deficit Assigned/Unassigned Fund Balance –** Corrective action not taken. See current year recommendation 2024-001.

**2023-003 – Public Depositor Annual Report to the Chief Financial Officer –** Corrective action taken.

**2023-004 – General Fund Budgetary Compliance –** Corrective action not taken. See current year recommendation 2024-002.

**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 this management letter. The official title and the school code assigned by the Florida Department of Education of the entity are Samsula Academy and 7951.

**Financial Condition and Management**

Section 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. As a result of our procedures we provide the comment below.

**2024-001 – Deficit Assigned/Unassigned Fund Balance (Repeated 2023-002)**

In connection with our audit, we determined the School met a condition described in Section 218.39(5)(b), Florida Statutes; and therefore we are required to notify each member of the governing body of the following. At June 30, 2024, the School reported a $200,069 total governmental fund unassigned fund balance deficit. In addition, of the 14 financial condition indicators we assessed 9 are unfavorable. Therefore, at June 30, 2024, financial condition assessment procedures disclose a deteriorating financial condition. The primary causes of the deteriorating financial condition are reduced revenues from the student population declining from 212 in 2020 to 160 in 2024 and expenditures only declining by approximately 9%. We recommend the School increase student population, increase other revenues, and reduce expenditures. Also, the School should consider requesting forgiveness of the $234,773 working line of credit with Reading Edge Academy, Inc.

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 noted the following recommendation.

**2024-002 – General Fund and Capital Fund Budgetary Compliance (Repeated 2023-004 and 2022-004)**

During our testing over the General Fund and Capital Fund budget, we noted actual expenditures and transfers exceeded the approved amounts in the School's budget. Florida Statutes allow the budget compliance matter to be resolved by budget amendments, however no amendments were made to the budgeted expenditures and transfers, resulting in actual amounts exceeding the approved budget. We recommend completing the amendments within 60 days of year-end. We also recommend the School perform a budget to actual analysis monthly or any time significant new expenditures are incurred, and amend the budget as necessary to ensure the School is compliance with budgetary regulations.

**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 or not the School maintains

on its Website 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, requires 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 which warrants the attention of those charged with governance. In connection with our audit, we noted the following finding:

**2024-003 – Unauthorized Expenditures**

During our testing over nonpayroll cash disbursements, we noted one selected disbursement that was not approved by management. The disbursement was not considered unusual and was related to the purpose of the School, however proper approval by management was undocumented. We recommend management follow prescribed policies and procedures to approve all disbursements to ensure such transactions are appropriate in nature.

**Samsula Academy Response to Findings**

The School's response to the findings identified in our audit are outlined as listed in the table of contents. 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 the Letter**

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

James Moore & Co., P.L.

Daytona Beach, Florida
December 6, 2024

**Reading Edge Academy**
2975 Enterprise Road
Debary, FL 32713
386.668.8911

REA
READING EDGE ACADEMY, INC

**Samsula Academy**
248 North Samsula Drive
Samsula, FL 32168
386.423.6650

**Reading Edge Academy, Inc.**
**d.b.a. Samsula Academy**

***Response to Findings***

**2024-001- Deficit Assigned/Unassigned Fund Balance (Repeated 2003-002)**
The Governing Board will be addressing this comment at the November 20, 2024 meeting.

**2023-002 General Fund and Capital Fund Budgetary Compliance (Repeated 2023-004 and 2022-004)**
The school will be working closely with the Accountant and Governing Board Treasurer to perform budget to actual analysis at the time any significant new expenditures are incurred, and amend the budget as needed to ensure the School is in compliance with budgetary regulations.

**2024-003 Unauthorized Expenditures**
Going forward, we will ensure all disbursements are approved by management.

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