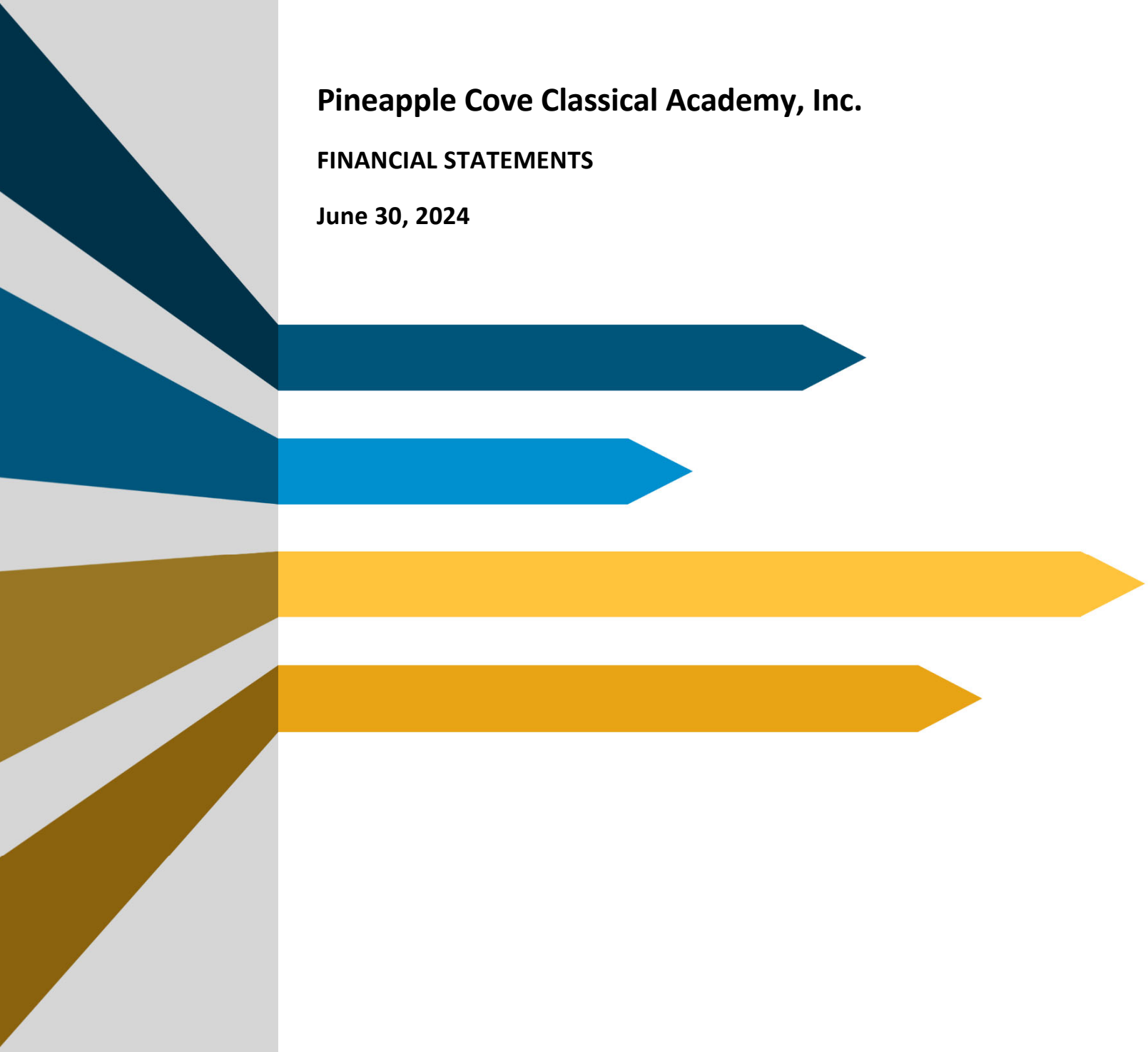
Pineapple Cove Classical Academy, Inc.

FINANCIAL STATEMENTS

June 30, 2024



Pineapple Cove Classical Academy, Inc.
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June 30, 2024 and 2023

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REPORT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Pineapple Cove Classical Academy, Inc.
Palm Bay, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Pineapple Cove Classical Academy, Inc. (the "School"), 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the School, as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 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

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.

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 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 on pages 4-8 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is 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 applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is 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 August 30, 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 solely 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 the school's 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.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Tallahassee, FL
August 30, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Corporate officers of Pineapple Cove Classical Academy, Inc. (the School), have prepared this narrative overview and analysis of the School's financial activities for the fiscal year ended June 30, 2024.

Financial Highlights

1. The net position of the School at June 30, 2024 was a deficit of $(3,098,039).
2. At June 30, 2024, the School had current assets of $4,656,511.
3. The net position of the School increased by $635,323 during the fiscal year.
4. The unassigned fund balance at year end was $617,212.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the School's basic financial statements. The School's basic financial statements for the year ended June 30, 2024 are presented in accordance with GASB Codification Section 2200. The financial statements have three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The g*overnment-wide financial statements* are designed to provide readers with a broad overview of the School's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the School's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. The difference between these four categories are reported as *net position*. Over time, increases or decreases in net position may serve as an indicator of whether the financial position of the School is improving or deteriorating.

The *Statement of Activities* presents information on how the School's net position changed during the fiscal year. All changes in net position are reported when the underlying event occurs without regard to the timing of related cash flows. Accordingly, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements can be found on pages 9 and 10 of this report.

Fund Financial Statements

A *fund* is a collection of related accounts grouped to maintain control over resources that have been segregated for specific activities, projects, or objectives. The School like other state and local governments uses fund accounting to ensure and report compliance with finance-related legal requirements.

All of the funds of the School are governmental funds. *Governmental Funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Governmental Fund financial statements, however, focus on *near-term* inflows and outflows of spendable resources, as well as on the balances of spendable resources which are available at the end of the fiscal year. Such information may be used to evaluate a government's requirements for near-term financing.

Fund Financial Statements (continued)

The Board of the School adopts an annual appropriated budget for its major governmental funds. A budgetary comparison statement has been provided for the major governmental funds.

The basic governmental fund financial statements can be found on pages 11 through 14 of this report.

Notes to Financial Statements

The notes to the financial statements 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 on pages 15 through 32 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a charter school's financial position. In the case of the School, the net position was a deficit of $(3,098,039) at the close of the fiscal year. A summary of the School's net position as of June 30, 2024 and 2023 is as follows:

June 30,	**2024**	2023
Assets		
Cash	**$ 474,357**	$ 332,888
Cash, restricted	**3,557,142**	3,416,333
Prepaid expenses and other assets	**25,242**	31,943
Due from other agencies	**270,603**	268,514
Due from related schools	**352,929**	121,340
Capital and right-of-use assets, net	**24,416,967**	24,854,587
Total assets	**29,097,240**	29,025,605
Liabilities		
Accounts payable and accrued liabilities	**508,671**	504,881
Accrued interest	**805,269**	815,056
Due to related schools	**-**	203,356
Lease liabilities	**190,192**	115,372
Bond payable	**30,719,141**	31,120,302
Total liabilities	**32,223,273**	32,758,967
Net position		
Net investment in capital assets	**(6,492,366)**	(6,381,087)
Restricted	**2,751,873**	2,601,277
Unrestricted	**614,460**	46,448
Total net position	**$ (3,126,033)**	$ (3,733,362)

A summary and analysis of the School's revenues and expenses for the years ended June 30, 2024 and June 30, 2023 is as follows:

For the years ended June 30,	**2024**	2023
Revenues		
Program revenues		
Federal sources	**$ 2,249,300**	$ 623,173
Capital grants and contributions	**1,742,442**	1,514,774
Lunch program	**162,714**	269,225
Charges for services	**1,129,940**	543,176
General revenues		
Local sources (FTE and other non-specific)	**8,307,034**	7,557,801
Other revenue	**181,948**	268,515
Total revenues	**13,773,378**	10,776,664
Expenses		
Instruction	**5,866,011**	4,694,882
Student support services	**283,493**	289,041
Instructional staff training services	**5,135**	-
Instruction related technology	**148,955**	62,764
Board	**619,882**	504,914
School administration	**1,542,474**	1,164,543
Facilities acquisition	**725,246**	726,229
Fiscal services	**16,000**	-
Food services	**611,168**	561,628
Student transportation services	**3,500**	3,500
Operation of plant	**1,137,383**	924,004
Community services	**538,249**	491,695
Debt service	**1,668,553**	1,689,782
Total expenses	**13,166,049**	11,112,982
Change in net position	**607,329**	(336,318)
Net position at beginning of year	**(3,733,362)**	(3,397,044)
Net position at end of year	**$ (3,126,033)**	$ (3,733,362)

The School's revenues and expenses for fiscal 2024 increased over the prior year by $2,972,952 and $2,001,311, respectively. The School had an increase in its net position of $635,323 for the year.

Capital Improvement Requirements

The School maintains a continuous capital improvements program to enhance facilities and update fixtures and equipment as required.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUND

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

Governmental Funds

The focus of the School's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the School's financing requirements. In particular, the *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.

Most of the School's operations are funded in the General Fund. The majority of the General Fund revenues are distributed to the School by the District through the Florida Education Finance Program (FEFP), which uses formulas to distribute state funds and an amount of local property taxes (i.e., required local effort) established each year by the Florida Legislature.

At the end of the fiscal year, the School's governmental general fund reported ending fund balance of $642,454. The fund balance unassigned and available for spending at the School's discretion is $617,212. These funds will be available for the School's future ongoing operations.

Capital Assets

The School's investment in capital assets and right-of-use lease assets as of June 30, 2024 amounts to $24,416,967 (net of accumulated depreciation and amortization). This investment in capital assets includes land, building, improvements, furniture, fixtures and equipment and right-of-use lease assets. As of June 30, 2024, the School had long-term liabilities associated to its capital assets and right-of-use assets of $30,909,333

Governmental Fund Budget Analysis and Highlights

Prior to the start of the School's fiscal year, the Board of the School adopted an annual budget. A budgetary comparison statement has been provided for the governmental funds.

	Governmental Fund		
For the year ended June 30, 2024	**Original Budget**	**Final Budget**	**Actual**
Revenues			
Program revenues			
State capital outlay funding and other local	**$ 1,560,820**	$ 2,731,622	$ 2,731,622
Federal sources	**1,583,187**	1,209,276	1,209,276
Charges for services	**556,155**	1,092,714	1,092,714
General revenues			
FTE and other non-specific revenues	**8,640,507**	8,557,816	8,557,816
Other revenue	**149,146**	181,950	181,950
Total revenues	**12,489,815**	13,773,378	13,773,378
Current expenditures			
Instruction	**5,628,014**	5,724,598	5,724,598
Student support services	**252,448**	283,493	283,493
Instructional staff training services	**-**	5,135	5,135
Instruction related technology	**107,652**	137,611	137,611
Board	**667,062**	619,882	619,882
School administration	**1,416,180**	1,540,951	1,540,951
Fiscal services	**18,000**	16,000	16,000
Food services	**517,057**	597,246	597,246
Operation of plant	**964,691**	1,029,860	1,029,860
Community services	**289,412**	538,249	538,249
Capital outlay	**-**	380,089	380,089
Debt service	**2,075,538**	2,181,656	2,181,656
Total current expenditures	**11,936,054**	13,054,770	13,054,770
Total revenues in excess of current expenditures	**$ 553,761**	$ 718,608	$ 718,608

Requests for Information

This financial report is designed to provide a general overview of the Pineapple Cove Classical Academy, Inc.'s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director, Pineapple Cove Classical Academy, Inc., 6162 NW Minton Rd, Palm Bay, FL 32907.

BASIC FINANCIAL STATEMENTS

Pineapple Cove Classical Academy, Inc.
Statement of Net Position
June 30, 2024

June 30, 2024		Governmental Activities
Assets		
Current assets		
Cash	$	**474,357**
Cash and cash equivalents, restricted		**3,557,142**
Due from other agencies		**270,603**
Prepaid expenses and other current assets		**25,242**
Due from related schools		**352,929**
Total current assets		**4,680,273**
Capital assets and lease assets, net		
Capital assets, non-depreciable		**1,133,161**
Capital assets, depreciable		**27,089,923**
Less: accumulated depreciation		**(3,983,586)**
Right-of-use lease asset		**475,637**
Less: accumulated amortization		**(298,168)**
Total capital assets and lease assets, net		**24,416,967**
Total assets		**29,097,240**
Deferred outflows of resources		**-**
Liabilities		
Current liabilities		
Salaries and wages payable		**333,815**
Accounts payable and accrued expenses		**174,856**
Accrued interest on bonds		**805,269**
Bond payable, current		**431,161**
Lease liabilities, current		**77,243**
Total current liabilities		**1,822,344**
Non-current liabilities		
Bond payable, less current portion		**30,287,980**
Lease liabilities, less current portion		**112,949**
Total non-current liabilities		**30,400,929**
Total liabilities		**32,223,273**
Deferred inflows of resources		**-**
Net position		
Net investment in capital assets		**(6,492,366)**
Restricted by bonds for:		
Debt service		**2,751,873**
Unrestricted		**614,460**
Total net position	$	**(3,126,033)**

The accompanying notes are an integral part of these financial statements.

Pineapple Cove Classical Academy, Inc.
Statement of Activities
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:					
Instruction	$ 5,866,011	$ -	$ 855,327	$ -	$ (5,010,684)
Student support services	283,493	-	88,643	-	(194,850)
Instructional staff training services	5,135	-	5,135	-	-
Instruction related technology	148,955	-	128,751	-	(20,204)
Board	619,882	-	-	-	(619,882)
School administration	1,542,474	-	86,065	-	(1,456,409)
Facilities acquisition	725,246	-	-	-	(725,246)
Fiscal services	16,000	-	-	-	(16,000)
Food services	611,168	323,619	162,714	-	(124,835)
Student transportation services	3,500	-	-	-	(3,500)
Operation of plant	1,137,383	37,226	1,085,379	-	(14,778)
Community services	538,249	769,095	-	-	230,846
Debt service	1,668,553	-	-	1,742,442	73,889
Total governmental activities	13,166,049	1,129,940	2,412,014	1,742,442	(7,881,653)
General revenues					
FTE and other nonspecific revenues					8,307,034
Other					24,263
Investment earnings					157,685
Total general revenues					8,488,982
Change in net position					607,329
Net position at beginning of year					(3,733,362)
Net position at end of year					$ (3,126,033)

The accompanying notes are an integral part of these financial statements.

Pineapple Cove Classical Academy, Inc.
Balance Sheet – Governmental Funds
June 30, 2024

June 30, 2024	General Fund	Debt Service Fund	Special Revenue Fund	Capital Projects Funds	Total Governmental Funds
Assets					
Cash	$ 474,357	$ -	$ -	$ -	$ 474,357
Cash and cash equivalents, restricted	-	3,557,142	-	-	3,557,142
Prepaid expenses and other current assets	25,242	-	-	-	25,242
Due from related schools	352,929	-	-	-	352,929
Due from other agencies	7,063	-	39,246	224,294	270,603
Due from fund	263,540	-	-	-	263,540
Total assets	1,123,131	3,557,142	39,246	224,294	4,943,813
Deferred outflows of resources	-	-	-	-	-
Total assets and deferred outflows of resources	$ 1,123,131	$ 3,557,142	$ 39,246	$ 224,294	$ 4,943,813
Liabilities					
Salaries and wages payable	$ 333,815	$ -	$ -	$ -	$ 333,815
Accounts payable and accrued expenses	174,856	-	-	-	174,856
Accrued interest on bonds	-	805,269	-	-	805,269
Due to fund	-	-	39,246	224,294	263,540
Total liabilities	508,671	805,269	39,246	224,294	1,577,480
Deferred inflows of resources	-	-	-	-	-
Fund balance					
Nonspendable, not in spendable form	25,242	-	-	-	25,242
Restricted	-	2,751,873	-	-	2,751,873
Unassigned	589,218	-	-	-	589,218
Total fund balance	614,460	2,751,873	-	-	3,366,333
Total liabilities, deferred inflows of resources and fund balance	$ 1,123,131	$ 3,557,142	$ 39,246	$ 224,294	$ 4,943,813

The accompanying notes are an integral part of these financial statements.

Pineapple Cove Classical Academy, Inc.
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
Year ended June 30, 2024

Total fund balance - governmental funds		$ 3,366,333
Amounts reported for governmental activities in the statement of net position are different because:		
Depreciable and non-depreciable capital assets net of accumulated depreciation and amortization used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Capital assets	28,223,084	
Less: accumulated depreciation	(3,983,586)	
Right-of-use asset	475,637	
Less: accumulated amortization	(298,168)	24,416,967
Long-term liabilities in governmental activities are not due and payable in the current period and therefore, are not reported in the governmental funds.		(30,909,333)
Total net position - governmental funds		$ (3,126,033)

The accompanying notes are an integral part of these financial statements.

Pineapple Cove Classical Academy, Inc.
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds
Year ended June 30, 2024

For the year ended June 30, 2024	General Fund	Debt Service Fund	Special Revenue Fund	Capital Projects Funds	Total Governmental Funds
Revenues					
State passed through local	$ 8,557,816	$ -	$ -	$ -	$ 8,557,816
State capital outlay funding	-	-	-	692,527	692,527
Local capital improvement revenue	-	-	-	1,049,915	1,049,915
Local sources	989,180	-	-	-	989,180
Federal through state and local	-	-	1,209,276	-	1,209,276
Charges for services	667,576	-	425,138	-	1,092,714
Other	41,081	140,869	-	-	181,950
Total revenues	10,255,653	140,869	1,634,414	1,742,442	13,773,378
Expenditures					
Current					
Instruction	5,164,175	-	560,423	-	5,724,598
Student support services	194,850	-	88,643	-	283,493
Instructional staff training services	-	-	5,135	-	5,135
Instruction related technology	8,861	-	128,750	-	137,611
Board	619,882	-	-	-	619,882
School administration	1,540,951	-	-	-	1,540,951
Fiscal services	16,000	-	-	-	16,000
Food services	-	-	597,246	-	597,246
Operation of plant	766,250	-	263,610	-	1,029,860
Community services	538,249	-	-	-	538,249
Capital outlay					
Other capital outlay	-	-	-	380,089	380,089
Debt service					
Redemption of principal	88,038	435,000	-	-	523,038
Interest and fees	30,265	1,628,353	-	-	1,658,618
Total expenditures	8,967,521	2,063,353	1,643,807	380,089	13,054,770
Excess (deficit) of revenues over expenses	1,288,132	(1,922,484)	(9,393)	1,362,353	718,608
Other financing sources (uses)					
Transfers in (out)	(720,120)	2,073,080	9,393	(1,362,353)	-
Total other financing sources (uses)	(720,120)	2,073,080	9,393	(1,362,353)	-
Net change in fund balance	568,012	150,596	-	-	718,608
Fund balance, beginning of year	46,448	2,601,277	-	-	2,647,725
Fund balance, end of year	$ 614,460	$ 2,751,873	$ -	$ -	$ 3,366,333

The accompanying notes are an integral part of these financial statements.

Pineapple Cove Classical Academy, Inc.
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities
Year ended June 30, 2024

Net change in fund balance - governmental funds		$ 718,608
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation and amortization expense and disposals.		
Capital outlay	380,089	
Depreciation and amortization expense	(980,567)	(600,478)
Increase in long-term liabilities is revenue in the governmental funds, but a decrease or repayment of such payables reduces liabilities in the statement of net position.		
Amortization of bond discounts	(33,839)	
Principal payments on long-term liabilities	523,038	489,199
Change in net position of governmental activities		$ 607,329

The accompanying notes are an integral part of these financial statements.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Pineapple Cove Classical Academy, Inc., (the "School") is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act. The governing body of the School is the not-for-profit corporation's Board of Directors, which is comprised of not less than three members. The board has determined that no component units exist that would require inclusion in the School's financial statements.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, the Brevard County School Board (the "District"). The current charter is effective until June 30, 2033 and may be renewed provided that a program review demonstrates that certain criteria addressed in Section 1002.33(7), Florida Statutes, have been successfully accomplished. At the end of the term of the charter, the District may choose not to renew the charter under grounds specified in the charter, in which case the District is required to notify the School in writing at least 90 days prior to the charter's expiration. Pursuant to Section 1002.33(8)(e), Florida Statutes, the charter school contract provides that in the event the school is dissolved or terminated, any unencumbered funds and all School property purchased with public funds automatically revert to the District. During the term of the charter, the District may also terminate the charter if good cause is shown.

The School is located in Palm Bay, Florida for students from kindergarten through twelfth grade. These financial statements are for the year ended June 30, 2024, where approximately 1,085 students were enrolled for the year.

Basis of Presentation

The School's accounting policies conform to accounting principles generally accepted in the United States of America applicable to state and local governments. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. Accordingly, the basic financial statements include both the government-wide and fund financial statements.

Government-wide and Fund Financial Statements

The government-wide financial statements (the Statement of Net Position and the Statement of Activities) report information on all of the activities of the School. Governmental activities are reported separately from business-type activities, which rely on fees charged to external parties as their primary revenues. The School has no business-type activities. Any internal activity has been eliminated from the government-wide financial statements.

The statement of net position reports the School's financial position as of the end of the fiscal year. In this statement, the School's net position is reported in three categories: net investment in capital assets; restricted net position; and unrestricted net position.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide and Fund Financial Statements (continued)

The Statement of Activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity.

Program revenues include: (1) charges for services, such as food service and student activity fees; (2) operating grants such as the American Reserve Plan – Elementary and Secondary School Emergency Relief program, the National School Lunch Program, and state allocations; and (3) capital grants and contributions specific to capital outlay. In addition, revenues not classified as program revenues are shown as general revenues, which include Florida Education Finance Program (FEFP) revenues and other local and miscellaneous sources.

The Statement of Activities is displayed using a net-cost format and reports the degree to which the direct expenses of a given function are offset by program revenues, direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges for services that are directly related to a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function, other items not included among program revenues are reported instead as general revenues.

Fund Financial Statements

The financial transactions of the School are reported in individual funds in the governmental fund financial statements. The governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide financial statements and the financial statements for the governmental funds. The School reports the following major governmental funds:

General Fund - the general fund is the general operating fund of the School. It is used to account for all financial resources, except those associated with grants that are restricted to specified uses.

Debt Service Fund - to account for the resources accumulated and payments made for principal and interest on the revenue bonds.

Special Revenue Fund - accounts for specific revenues, such as federal funding, federal lunch program, and COVID-19 emergency relief funding that are legally restricted to expenditures for particular purposes. Also, accounts for the resources of the School's internal fund, which is used to administer monies collected in connection with school, student athletics, class and club activities.

Capital Outlay Fund – in accordance with guidelines established by the State of Florida. This fund accounts for all resources restricted for the leasing or acquisition of capital facilities by the School to the extent funded by capital outlay funds.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Revenues from grants and donations are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School considers revenues to be available if they are collected within 60 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 recognized when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized when due. Allocations of cost, such as depreciation, are not recognized in governmental funds.

Budgets and Budgetary Accounting

In compliance with Florida Statutes, the Board of Directors adopts an annual budget using the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the object level (e.g. salaries and benefits, purchased services, materials and supplies and capital outlay) within each activity (e.g. instruction, pupil personnel services and school administration). Revisions to the annual budget are approved by the Board.

Cash, Cash Equivalents, and Investments

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term liquid investments with maturities of three months or less at the date of acquisition.

The School has not adopted a formal deposit and investment policy that limits the School's allowable deposits or investments and address specific types of risk. Therefore, pursuant to Florida Statutes, the School is authorized to invest in the Florida PRIME investment pool, administered by the State Board of Administration (SBA); Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency; interest-bearing time deposits and savings accounts in qualified public depositories, as defined by

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash, Cash Equivalents, and Investments (continued)

Section 280.02, Florida Statutes; and direct obligations of the United States Treasury. Money market mutual funds that have maturities of one year or less from the date of acquisition are reported at amortized cost that is approximately equivalent to fair value.

The School's investments are set aside to make debt service payments, maintain sinking or reserve funds, and to purchase or construct capital assets. These investments are reported as restricted in the Debt Service Fund in the Balance Sheet - Governmental Funds.

The School follows the provisions of GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and External Investment Pools, GASB Statement No. 72, Fair Value Measurement and Application, and other related standards which establish accounting and financial reporting standards for all investments.

Restricted Assets

Restricted assets include cash and cash equivalents that are related to the amounts that the School is required to segregate in connection with the issuance of bonds, including sinking fund and reserve requirements, as well as amounts segregated for capital projects of the School. The Indenture of Trust requires the establishment of the funds for the bonds and accounts within such funds, all of which shall be special trust funds and accounts held by Trustee.

Due from Other Governments or Agencies

Amounts due to the School by other governments or agencies relate to grants or programs for which the services have been provided by the School.

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses in both government-wide and fund financial statements. Prepaid assets are reported as "non-spendable" in the funds financial statements to indicate that prepaids do not represent available expendable resources.

Capital Assets

The School's property, plant and equipment with useful lives of more than one year are stated at historical cost and comprehensively reported in the statement of net position in the government-wide financial statements. Donated capital assets are recorded at their estimated fair market value on the date donated. The School generally capitalizes assets with a cost of $1,000 or more. Building improvements, additions and other capital outlays that significantly extend the

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (continued)

useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are sold or disposed of, the related cost and accumulated depreciation are removed from the accounts, and the resulting gain or loss is recorded in the government-wide statements. Proceeds received from the sale or disposal of capital assets are recorded as other financing sources in the governmental funds.

The right-of-use assets are measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right-of-use assets are amortized on a straight-line basis over the life of the related lease.

Estimated useful lives, in years, for capital assets are as follows:

Building and improvements	10 – 40 years
Furniture, fixtures, and equipment	5 years
Right-of-use asset (computers and copiers)	3 – 5 years
Motor vehicles	5 years

Interfund Transfers

Interfund receivables/payables are short-term balances that represent reimbursements between funds for payments made by one fund on behalf of another fund.

Long-Term Debt and Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds and is recorded as an adjustment to interest expense. Bonds payable are reported net of the applicable bond premium or discount. In accordance with GASB Codification Section I30: *Interest Costs - Imputation*, bond issuance costs are expensed in the period incurred except for prepaid insurance costs.

In the governmental fund financial statements, 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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences

The School grants a specific number of paid days off per school year. Full time employees are eligible for ten paid days off. In the event that available time is not used by the end of the benefit year, employees may "rollover" a maximum of five unused days for use in future benefit years. There is no "cash out" value for unused days. There is no termination payment for accumulated unused days.

GASB Codification Section C60, Accounting for Compensated Absences, provides that compensated absences that are contingent on a specific event that is outside the control of the employer and employee should be accounted for in the period those events take place. Accordingly, these financial statements do not include an accrual for compensated absences available to be used in future years.

The School also provides certain days to be used for specific personal matters such as family death and jury duty. Because the use of such days is contingent upon those events taking place and such events are out of the control of both the employer and the employee, there is no accrual for such days.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and is not recognized as an outflow of resources (expense/expenditure) until then. The School does not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. Deferred inflows of resources, represents an acquisition of net position that applies to a future period and is not recognized as an inflow of resources (revenue) until that time. The School does not have any items that qualify for reporting in this category.

Revenue Sources

Revenues for operations will be received primarily from the District pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Section 1002.33, Florida Statutes, the School will report the number of full-time equivalent (FTE) students and related data to the District. Under the provisions of Section 1011.62, Florida Statutes, the District reports the number of the full-time equivalent (FTE) students and related data to the Florida Department of Education (FDOE) for funding through the FEFP. Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the FEFP and the actual weighted full-time equivalent students reported by the School during the designated

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Sources (continued)

full-time equivalent student survey periods. After review and verification of FTE reports and supporting documentation, the FDOE may adjust subsequent fiscal period allocations of FEFP funding for prior year errors disclosed by its review as well as to prevent statewide allocations from exceeding the amount authorized by the Legislature. Normally, such adjustments are treated as reductions of revenue in the year the adjustment is made.

The School receives state funds through the District under charter school capital outlay funding pursuant to Section 1013.62, Florida Statutes. Funds are based on a capital outlay plan submitted to the District and are to be used for the debt service of school facilities. In addition, the School may receive a portion of the local capital improvement ad valorem tax revenues levied by the District.

Finally, the School also receives Federal awards for the enhancement of various educational programs. Federal awards are generally received based on applications submitted to and approved by various granting agencies. For Federal awards in which a claim to these grant proceeds is based on incurring eligible expenditures, revenue is recognized to the extent that eligible expenditures have been incurred. Any excess amounts are recorded as deferred revenues or unearned advances until expended. Other revenues may also be derived from various fundraising activities and certain other programs.

Net Position and Fund Balance Classification
Government-wide financial statements

Equity is classified as net position and displayed in three components:

a) *Net investment in capital assets* - consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributable to the acquisition or improvement of those assets.
b) *Restricted net position* - consists of net position with constraints placed on their use either by external groups such as creditors, grantors, contributors or laws or regulations of other governments.
c) *Unrestricted net position* - all other net position that does not meet the definition of "restricted" or "net investment in capital assets."

When both restricted and unrestricted resources are available for a specific purpose, it is the Schools' policy to use restricted resources first, until exhausted, before using unrestricted resources.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position and Fund Balance Classification (continued)
Fund financial statements

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

a) *Nonspendable* - includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Consists of fund balance associated with prepaid expenses.

b) *Restricted* - fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. Restricted balances at year-end pertain to bond issuance.

c) *Committed* - fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School's Board of Directors. There are no committed fund balances at year end.

d) *Assigned* - fund balance classification that is intended to be used by the School's management for specific purposes but do not meet the criteria to be classified as restricted or committed. As of June 30, 2024, there was $6,927 in assigned cash for the School's internal accounts.

e) *Unassigned* - portion of the fund balance that has not been restricted, committed or assigned for a specific purpose. This is the residual classification for the School's general fund.

Committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Income Taxes

The School is exempt from Federal tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been included in the accompanying financial statements. Additionally, no uncertain tax positions have been made that requires disclosure in the related note to 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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Leases

Lease contracts that provide the School with control of a non-financial asset, such as land, buildings or equipment, for a period of time in excess of twelve months are reported as a leased asset with a related lease liability. The lease liability is recorded at the present value of future lease payments, including fixed payments, variable payments based on an index or fixed rate and reasonably certain residual guarantees. The intangible leased asset is recorded for the same amount as the related lease liability plus any prepayments and initial direct costs to place the asset in service. Leased assets are amortized over the shorter of the useful life of the asset or the lease term. The lease liability is reduced for lease payments made, less the interest portion of the lease payment.

Recently Issued and Implemented Accounting Pronouncements

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements.* This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset --an intangible asset --and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Assets and liabilities resulting from SBITAs should be recognized and measured using the facts and circumstances that existed at the beginning of the fiscal year in which this Statement is implemented. Governments are permitted, but are not required, to include in the measurement of the subscription asset capitalizable outlays associated with the initial implementation stage and the operation and additional implementation stage incurred prior to the implementation of this Statement. The School did not identify any significant SBITAs that would require implementation of this standard.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pronouncements Issued But Not Yet Effective

GASB has issued GASB Statement No. 101, Compensating Absences. This Statement provides guidance on the accounting and financial reporting for certain types of compensated absences including parental leave, military leave, and injury duty leave. The School is currently evaluating the effect that implementation of the new standard will have on its financial statements. The requirements of this Statement are effective for reporting periods beginning after December 15, 2023. The School is currently evaluating the effect that implementation of the new standard will have on its financial statements.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, August 30, 2024, and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Note 2: CASH AND RESTRICTED CASH

Deposits

Cash is made of deposits and cash on hand totaling $475,249. The School has identified itself as a public entity. Therefore, the School's deposits must be placed with a financial institution designation by the Treasurer of the State of Florida as a "qualified public depository," as defined in Chapter 280, Florida Statutes. As of June 30, 2024, no amount of the School's cash balances were exposed to custodial credit risk.

Restricted Cash

The School held restricted cash in the amount of $3,416,333 that was reported as a cash equivalent for financial statement reporting purposes. The School follows the Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application.* The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in markets for identical assets: Level 2 inputs are significant other observable inputs (including quoted prices for similar investments, interest rates, credit risk, etc.); Level 3 inputs are significant unobservable inputs.

Note 2: CASH AND RESTRICTED CASH (Continued)

Restricted Cash (continued)

At June 30, 2024, the School had $3,557,142 invested in a money market mutual fund that is exempt from GASB 72 fair value hierarchy disclosures. The money market mutual fund values its portfolio securities at amortized cost which approximates fair value. The money market mutual fund primarily invests in cash, high quality, short-term U.S. government securities and/or repurchase agreements that are collateralized fully by government securities that have been valued by the fund as Level 2. As of June 30, 2024, maturities of the fund's portfolio holdings are all within 30 days.

Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of investments in a single issuer. The School manages its exposure to credit risk by limiting investments to highly rated money market mutual funds. The fund is rated Aaa-mf by Moody's.

Custodial credit risk is the risk that in the event of a failure of a depository financial institution or counterparty that is in possession of investment or collateral securities, the School will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty to a transaction, the School will not be able to recover the value of investments or collateral securities that are in the possession of an outside party. At June 30, 2024, all of the School's investments in money market mutual funds were held in a separate account by the bond trustee and designated as assets of the School.

Interest rate risk is the risk that changes in interest rate will adversely affect the fair value of an investment. The School manages its exposure to declines in fair values by limiting all investments to money market mutual funds that can be redeemed daily.

Note 3: CAPITAL ASSETS

The following schedule provides a summary of changes in capital assets, acquired substantially with public funds, for the year ended June 30, 2024:

	Balance, July 1, 2023	Additions	Deletions	Balance, June 30, 2024
Capital assets, non-depreciable				
Land	$ 1,133,161	$ -	$ -	$ 1,133,161
Construction in progress	17,600	-	-	17,600
Capital assets, depreciable				
Building and equipment	25,604,256	114,918	-	25,719,174
Improvements	289,643	-	-	289,643
Furniture, fixtures and equipment	780,835	265,171	-	1,046,006
Motor vehicles	17,500	-	-	17,500
Total capital assets	27,842,995	380,089	-	28,223,084
Less accumulated depreciation				
Building and equipment	(2,440,727)	(669,431)	-	(3,110,158)
Improvements	(95,295)	(31,093)	-	(126,388)
Furniture, fixtures and equipment	(555,234)	(180,431)	-	(735,665)
Motor vehicles	(7,875)	(3,500)	-	(11,375)
Total accumulated depreciation	(3,099,131)	(884,455)	-	(3,983,586)
Total capital assets, net	24,743,864	(504,366)	-	24,239,498
Lease assets				
Right-of-use lease assets	440,548	162,858	(127,769)	475,637
Less accumulated amortization	(329,825)	(96,112)	127,769	(298,168)
Total lease assets, net	110,723	66,746	-	177,469
Total capital assets and lease assets, net	$ 24,854,587	$ (437,620)	$ -	$ 24,416,967

Note 3: CAPITAL ASSETS (Continued)

For the fiscal year ended June 30, 2024, depreciation and amortization expense is allocated in the statement of activities by function as follows:

For year ended June 30, 2024	Depreciation	Amortization
Facilities acquisition	$ 701,342	$ -
Instruction	56,645	96,112
Student transportation services	3,500	-
Operation of plant	107,523	-
Food services	13,922	-
School administration	1,523	-
Total depreciation and amortization expense	$ 884,455	$ 96,112

Note 4: MANAGEMENT AGREEMENT

The School entered into a management agreement on June 30, 2018, with Classical Education Management, LLC to operate and manage the School. Effective September 2020, the management fee is $480 per FTE student enrolled at the School per year, payable monthly. Monthly installments are adjusted throughout the year as the School's FEFP funds are received from the District. The contract recognizes the importance of the employment of a Director of Operations.

The agreement shall be renewed along with any renewals to the charter agreement, unless terminated by either party not less than 180 days prior to the expiration of the term. During the year ended June 30, 2024, the School incurred approximately $527,087 in fees related to this agreement.

Note 5: TRANSACTIONS WITH SCHOOL DISTRICT AND OTHER RELATED SCHOOLS

Pineapple Cove Classical School at West Melbourne, Inc. and Pineapple Cove Classical School at Lockmar, Inc. have common Board of Directors and management. As of June 30, 2024, the School has advances due from Pineapple Cove Classical School at Lockmar, Inc. and Pineapple Cove Classical School at West Melbourne, Inc. of $280,670 and $36,533, respectively.

Pursuant to the Charter School contract with the District, the District withholds an administrative fee from the qualifying revenues of the School. For the year ended June 30, 2024, administrative fees withheld by the District totaled $37,852.

Note 6: INTERFUND TRANSFERS

Interfund transfers in governmental funds as of June 30, 2024, consist of the following:

For the year ended June 30, 2024	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund
To transfer funds for debt service	$ (710,727)	$ -	$ 2,073,080	$ (1,362,353)
To reimburse lunch program expenditures	(110,913)	110,913	-	-
To reimburse community service and grant expenditures	101,520	(101,520)	-	-
Total transfers	$ (720,120)	$ 9,393	$ 2,073,080	$ (1,362,353)

June 30, 2024	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund
Due to general fund from capital projects fund for capital outlay	$ 224,294	$ -	$ -	$ (224,294)
Due to general fund from special revenue fund for ESSER grant	39,246	(39,246)	-	-
Total due from (due to)	$ 263,540	$ (39,246)	$ -	$ (224,294)

Note 7: LONG-TERM LIABILITIES

Bonds Payable

On February 13, 2019, the School issued tax-exempt revenue bonds (Series 2019A) for $31,510,000 and taxable revenue bonds (Series 2019B) for $560,000 secured by a mortgage on the School's property and buildings. The bonds were issued to finance the acquisition of land with an existing building and to finance the construction, improvement, installation, and equipment purchase of the new educational facility.

Series 2019A bonds are term bonds paying interest semi-annually at rates ranging from 4.5% to 5.375% with maturities starting on July 1, 2023 and ending July 1, 2054. Series 2019B bonds matured and were paid off as of July 1, 2022.

As required by the bond resolution, the School has established a sinking fund and reserve account and has accumulated and maintained adequate resources in the sinking fund and reserve account.

As described in the Loan Agreement, the School must maintain certain minimum requirements related to its debt service coverage ratio, days cash on hand, and enrollment levels. The minimum requirements and actual amounts follow:

As of June 30, 2024	**Minimum**	**Actual**
Debt service coverage ratio	1.10 : 1.00	1.56 : 1.00
Cash on hand requirement	45 days	14 days
Enrollment (FTE students)	1,113	1,085

In accordance with the Trust Indenture, the Beneficial Owners of a majority in aggregate principal amount of the bonds then outstanding may direct the School to promptly employ a management consultant to review and analyze the operations and administration of the School, and submit written reports to the School and Trustee, and make such recommendations as to the operations and administration of the School. Failure of the School to achieve the cash on hand and/or the enrollment requirements as set forth above shall not constitute an event of default under the Loan Agreement.

The School's revenues are pledged under this bond issuance up to the remaining balance as of June 30, 2024. In the event of default, the maturity date can be accelerated and/or the underlying collateral may be subject to foreclosure.

Note 7: LONG-TERM LIABILITIES (Continued)

Annual requirements to amortize all bonds payable outstanding as of June 30, 2024, are as follows:

For the years ending June 30,	Principal	Interest	Total
2025	$ 465,000	$ 1,610,537	$ 2,075,537
2026	485,000	1,589,612	2,074,612
2027	505,000	1,567,787	2,072,787
2028	530,000	1,545,062	2,075,062
2029	555,000	1,521,213	2,076,213
2030-2034	2,950,000	7,202,794	10,152,794
2035-2039	3,755,000	6,378,475	10,133,475
2040-2044	4,940,000	5,295,181	10,235,181
2045-2049	6,400,000	3,852,525	10,252,525
2050-2054	7,230,000	2,056,763	9,286,763
2055	3,260,000	175,225	3,435,225
Less: unamortized bond discount	(355,859)	-	(355,859)
Total	$ 30,719,141	$ 32,795,174	$ 63,514,315

The following is a summary of changes in long-term liabilities:

	Balance, July 1, 2023	Additions	Deletions	Balance, June 30, 2024	Due in one year
Governmental activities:					
Bond payable	$ 31,510,000	$ -	$ (435,000)	$ 31,075,000	$ 465,000
Unamortized discount	(389,698)	-	33,839	(355,859)	(33,839)
Total long-term debt	$ 31,120,302	$ -	$ (401,161)	$ 30,719,141	$ 431,161

Lease Liabilities

The School held or entered into leases for various computer equipment and copiers for use in classrooms. The leases are noncancellable, with terms ranging from thirty-three to sixty-three months. The leases have nonrenewal clauses and the leased equipment and copiers revert to the lessor at the end of the lease. The interest rates on the leases ranged from 1.31% to 4.92% which were used to discount the annual lease payments to recognize the intangible right-of-use asset and lease liabilities. Risk-free interest rates as of the inception of the lease were used as the discount rate. For the year ended June 30, 2024, interest expense totaled $6,137.

Note 7: LONG-TERM LIABILITIES (Continued)

Lease Liabilities (continued)

Annual requirements to amortize the lease liability and related interest are as follows:

For the years ending June 30,	Principal	Interest	Total
2025	$ 77,243	$ 6,654	$ 83,897
2026	31,966	4,842	36,808
2027	33,574	3,234	36,808
2028	35,264	1,544	36,808
2029	12,145	124	12,269
Total	$ 190,192	$ 16,398	$ 206,590

Changes in long term lease liabilities during the year are as follows:

	Balance, July 1, 2023	Additions	Deletions	Balance, June 30, 2024	Due in one year
Copiers	$ 13,064	$ 162,858	$ (32,539)	$ 143,383	$ 30,434
Computers	102,308	-	(55,499)	46,809	46,809
Total long-term debt	$ 115,372	$ 162,858	$ (88,038)	$ 190,192	$ 77,243

Note 8: CONTINGENCIES AND CONCENTRATIONS

Contingencies and Concentrations

The School receives substantially all of its funding from the State through the District under the FEFP, which is based in part on a computation of the number of FTE students attending different instructional programs. The accuracy of FTE student data submitted by individual schools and used in the FEFP computations is subject to audit by the state and, if found to be in error, could result in refunds to the state or decreases to future funding allocations. Additionally, the School participates in a number of federal, state and local grants which are subject to financial and compliance audits.

It is the opinion of management that the amount of revenue, if any, which may be remitted back to the state due to errors in the FTE student data or the amount of grant expenditures which may be disallowed by grantor agencies would not be material to the financial position of the School.

Note 9: RISK MANAGEMENT

The School is exposed to various risks of loss related to torts; thefts of, damage to and destruction of assets; administrative errors and omissions; personal injury; workers compensation and natural disasters for which the School carries commercial insurance. Settlement amounts have not exceeded insurance coverage in any of the past three fiscal years. In addition, there were no reductions in insurance coverage from those in the prior year.

The School has entered into a strategic relationship with Paychex Business Solutions, LLC, a human resource management firm, typically known as a "Professional Employer Organization" (PEO). Under co-employment agreements, the PEO is the employer of record and is responsible for administering payroll, payroll taxes, provide employee benefits and assist with human resource management. Accordingly, certain human resource related risks are transferred to the PEO. Nevertheless, the School may be subject to risks, including loss, penalties and fines related to employment practices, administrative error and omissions.

Note 10: DEFINED CONTRIBUTION RETIREMENT PLAN

The School's personnel, which are leased through Paychex Business Solutions, LLC, are eligible to participate in a defined contribution 401(k) plan sponsored by Paychex Business Solutions, LLC, covering employees who meet certain age and tenure requirements. Under the Paychex Retirement Services Plan (the "Plan"), the School matches 100% of the employee's contribution up to 3% of the employee's compensation. The School contributed $118,159 to the Plan for the year ended June 30, 2024. The School does not exercise any control or fiduciary responsibility over the Plan's assets, which are administered by Mid-Atlantic Trust Company.

REQUIRED SUPPLEMENTARY INFORMATION

Pineapple Cove Classical Academy, Inc.
Budgetary Comparison Schedule – General Fund

For the year ended June 30, 2024	Budgeted Amounts Original	Budgeted Amounts Final	Actual
Revenues	$ 9,064,488	$ 10,255,653	$ 10,255,653
Expenditures			
Instruction	4,520,654	5,164,175	5,164,175
Student support services	210,433	194,850	194,850
Instruction related technology	107,652	8,861	8,861
Board	667,062	619,882	619,882
School administration	1,133,168	1,540,951	1,540,951
Fiscal services	18,000	16,000	16,000
Operation of plant	964,691	766,250	766,250
Community services	289,412	538,249	538,249
Debt service	-	118,303	118,303
Total expenditures	7,911,072	8,967,521	8,967,521
Excess of revenues over (under) expenditures	1,153,416	1,288,132	1,288,132
Transfers in (out)	-	(720,120)	(720,120)
Net change in fund balance	1,153,416	568,012	568,012
Fund balance at beginning of year	46,448	46,448	46,448
Fund balance at end of year	$ 1,199,864	$ 614,460	$ 614,460

See Independent Auditor's Report.

Pineapple Cove Classical Academy, Inc.
Budgetary Comparison Schedule – Special Revenue Fund

For the year ended June 30, 2024	Budgeted Amounts Original	Final	Actual
Revenues	$ 1,864,507	$ 1,634,414	$ 1,634,414
Expenditures			
Instruction	1,107,360	560,423	560,423
Student support services	42,015	88,643	88,643
Instructional staff training services	-	5,135	5,135
Instruction related technology	-	128,750	128,750
School administration	283,012	-	-
Food services	517,057	597,246	597,246
Operation of plant	-	263,610	263,610
Total expenditures	1,949,444	1,643,807	1,643,807
Excess of revenues over (under) expenditures	(84,937)	(9,393)	(9,393)
Transfers in (out)	84,937	9,393	9,393
Net change in fund balance	-	-	-
Fund balance at beginning of year	-	-	-
Fund balance at end of year	$ -	$ -	$ -

See Independent Auditor's Report.

Pineapple Cove Classical Academy, Inc.
Schedule of Expenditures of Federal Awards
Year ended June 30, 2024

Federal Agency Pass-Through Entity Cluster Title/Program Title	Assistance Listing/CSFA Number	Contract/ Grant Number	Expenditures	Noncash Assistance	Funds Provided to Subrecipients
FEDERAL					
U.S. DEPARTMENT OF EDUCATION					
Passed through Florida Department of Education/Brevard Public School District					
COVID-19 - Education Stabilization Fund - American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	NA	$ 1,046,562	$ -	$ -
Total COVID-19 - Education Stabilization Fund - American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)			$ 1,046,562	$ -	$ -
U.S. DEPARTMENT OF AGRICULTURE					
Passed through Florida Department of Agriculture and Consumer Services					
Child Nutrition Cluster - National School Lunch Program	10.555	N/A	$ 162,714	$ -	$ -
Total Child Nutrition Cluster - National School Lunch Program			162,714	-	-
Total expenditures of federal awards			$ 1,209,276	$ -	$ -

See independent auditor's report and the notes to schedule of expenditures of federal awards.

Note 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Pineapple Cove Classical Academy, Inc. (the "School"). The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, *Audits of States, Local Governments, and Non-Profit Organization.* Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

For purposes of the Schedule, federal awards include all grants, contracts, and similar agreements entered into directly with the federal, state government and other pass-through entities. The School has obtained Assistance Listing Numbers (ALN) to ensure that all programs have been identified in the Schedule.

Note 2: RELATIONSHIP OF THE SCHEDULE TO PROGRAM FINANCIAL REPORTS

The amounts reflected in the financial reports submitted to the awarding federal, or local state agency and the Schedule may differ. Some of the factors that may account for any potential difference include the following:

- The School's fiscal year end may differ from the program's year end.
- Accruals recognized in the Schedule, because of year end procedures, may not be reported in the program financial reports until the next program reporting period.
- Capital asset purchases and the resulting depreciation charges are recognized as fixed assets in the School's financial statements and as an expenditure in the program financial reports.

Note 3: BASIS OF ACCOUNTING

The Schedule was prepared on the modified accrual basis of accounting. The modified accrual basis differs from the full accrual basis of accounting as expenditures for capital assets are expensed when incurred rather than capitalized and depreciated over their useful lives.

Note 4: CONTINGENCIES

Grant monies received and disbursed by the School are subject to review by the grantor agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. Based upon prior experience, the School does not believe that such disallowance, if any, would have a material effect on the financial position of the School. As of June 30, 2024, there were no material questioned or disallowed costs as a result of grant audits in process or completed.

Note 5: NONCASH ASSISTANCE

The School did not receive any noncash assistance during the fiscal year ended June 30, 2024.

Note 6: INDIRECT COST

The School has elected not to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.

Note 7: FEDERALLY FUNDED INSURANCE

The School did not receive federally funded insurance during the fiscal year ended June 30, 2024.

Note 8: FEDERALLY FUNDED LOANS

The School has no federally funded loans as of June 30, 2024. No funds were expended in the form of loan or loan guarantees during the fiscal year ended June 30, 2024.

SINGLE AUDIT REPORTS

CRI CARR RIGGS & INGRAM
CPAs and Advisors

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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 of
Pineapple Cove Classical Academy, Inc.
Palm Bay, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Pineapple Cove Classical Academy, Inc., (the "School") 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 August 30, 2024.

Report on 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.

Report on 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 instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying management letter as item ML-24-01.

We issued a separate management letter pursuant to Chapter 10.850, Rules of the Auditor General dated August 30, 2024.

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.

Carr, Riggs & Ingram, L.L.C.

Tallahassee, Florida
August 30, 2024

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors of
Pineapple Cove Classical Academy, Inc.
Palm Bay, Florida

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Pineapple Cove Classical Academy, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on Pineapple Cove Classical Academy, Inc.'s major federal program for the year ended June 30, 2024. Pineapple Cove Classical Academy, Inc.'s major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Pineapple Cove Classical Academy, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal 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; 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 Pineapple Cove Classical 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 the major federal program and major state project. Our audit does not provide a legal determination of Pineapple Cove Classical 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 Pineapple Cove Classical Academy, Inc.'s federal programs.

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 Pineapple Cove Classical 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 standards, *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 Pineapple Cove Classical Academy, Inc.'s compliance with the requirements of the major federal 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 Pineapple Cove Classical 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 Pineapple Cove Classical 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 Pineapple Cove Classical 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 the 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 federal 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 federal 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 a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal 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 were not 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Tallahassee, Florida
August 30, 2024

Pineapple Cove Classical Academy, Inc.
Schedule of Findings and Questioned Costs
Year ended June 30, 2024

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

1. Type of auditor's report issued — Unmodified
2. Internal control over financial reporting:
   a. Material weaknesses identified? — No
   b. Significant deficiencies identified not considered to be material weaknesses? — None noted
   c. Noncompliance material to the financial statements noted? — No

Federal Awards:

1. Type of auditor's report issued on compliance for major program — Unmodified
2. Internal control over major program:
   a. Material weaknesses identified? — No
   b. Significant deficiencies identified not considered to be material weaknesses? — None noted
3. Any audit findings disclosed that are required to be reported in accordance with 2CFR section 200.516(a)? — None noted
4. Identification of major programs:

ALN	Federal Program
84.425U	COVID-19 - Education Stabilization Fund - American Rescue Plan- Elementary and Secondary School Emergency Relief (ARP ESSER)

5. Dollar threshold used to distinguish between type A and type B projects: $750,000
6. Auditee qualified as low-risk auditee under 2 CFR 200.520? No

SECTION II – FINANCIAL STATEMENT FINDINGS

None noted

SECTION III – FEDERAL AWARD AND STATE FINANCIAL ASSISTANCE FINDINGS

None noted

SECTION IV – SUMMARY OF PRIOR YEAR AUDIT FINDINGS

None noted.

MANAGEMENT LETTER AND INTERNAL CONTROL RECOMMENDATIONS

Management Letter as Required by Section 218.39(4) Florida Statutes

To the Board of Directors of
Pineapple Cove Classical Academy, Inc.
Palm Bay, Florida

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Pineapple Cove Classical Academy, Inc., Palm Bay, Florida, as of and for the year ended June 30, 2024, and have issued our report thereon dated August 30, 2024.

AUDITOR'S RESPONSIBILITY

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

OTHER REPORTING REQUIREMENTS

We have issued our Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards;* Independent Auditor's Report on Compliance for Each Major Federal Program on Internal Control over Compliance; and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedules, which are dated August 30, 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. Corrective actions have been taken to address findings and recommendations made in the preceding financial audit report, except for the following:

Tabulation of Uncorrected Audit Findings		
Current Year Finding No.	2022-23 FY Finding No.	2021-22 FY Finding No.
ML-24-01	ML-23-02	None reported

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 school code assigned by the Florida Department of Education of the entity is Pineapple Cove Classical Academy, Inc., 05-6543.

Management Letter as Required by Section 218.39(4) Florida Statutes

FINANCIAL CONDITION AND MANAGEMENT

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

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

Section 10.854(1)(e)3., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we have reported the recommendations which are described in the accompanying appendix to the management letter as item ML – 24-01.

TRANSPARENCY

Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether the School maintains on its 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, fraud, waste, or abuse that has occurred, or are likely to have occurred, that has an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

PURPOSE OF THIS LETTER

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

Carr, Riggs & Ingram, L.L.C.

Tallahassee, Florida
August 30, 2024

CURRENT YEAR FINDINGS AND RECOMMENDATIONS:

BOND COVENANT NONCOMPLIANCE – 2024-01

CRITERIA: The School's Revenue Bonds, Series 2019 include covenants for debt service coverage ratio, days cash on hand, and enrollment as described in the Loan Agreement. The School agrees to have cash on hand at June 30, 2024 and each June 30 thereafter, until the bonds are no longer outstanding in an amount not less than 45 days of the cash on hand calculation. Additionally, the School agrees to enroll 1,113 full-time equivalent students as of October of each School year.

CONDITION: As of June 30, 2024, the calculated days cash on hand was below the 45 days limit at 14 days, and the enrollment was below the required minimum of 1,113 full-time equivalent (FTE) students at 1,085 FTE students.

CAUSE: The condition results from management not monitoring the covenant calculation throughout the fiscal year and other factors related to the establishment and growth of a new School.

EFFECT: Further noncompliance with the covenant may have an adverse effect on the School's financial position.

RECOMMENDATION: We recommend management and the Board review the recommendations in the Management Consultant report as prepared to meet the covenant and include cash flow projections in the annual budget. As well, management and the Board should monitor enrollment minimums and strive to meet those levels annually.

VIEWS OF RESPONSIBLE OFFICIALS: The School improved their cash position by approximately $142,000 during the past fiscal year. In order to meet the debt covenant, the School is required to have in excess of $1,250,000 which is difficult to maintain for a newly established charter school. The School experienced a positive change in its net position of approximately $607,000 for the year ended June 30, 2024, and anticipates an increase of approximately $746,000 in its FEFP and local millage allocations for the year ended June 30, 2025. Enrollment for the 2024-25 is anticipated to be 1,148. Due to these factors, the School will continue to utilize the Management Consultant's recommendations to improve its financial results until the debt covenants are met.