



**Odyssey Preparatory Academy**  
(A charter school under  
Odyssey Charter School, Inc.  
(A Charter School and Component Unit  
of the School Board of Brevard County, Florida)  
W/L #6541  
Palm Bay, Florida

Financial Statements and  
Independent Auditors' Report

June 30, 2019

TABLE OF CONTENTS

|  |       |
|--|-------|
| General Information . . . . .  | 1     |
| Independent Auditors' Report. . . . .  | 2-3   |
| Management's Discussion and Analysis<br>(Required Supplementary Information) . . . . .   | 4-8   |
| <b>Basic Financial Statements:</b>   |       |
| <i>Government-wide Financial Statements:</i>   |       |
| Statement of Net Position . . . . .  | 9     |
| Statement of Activities. . . . .   | 10    |
| <i>Fund Financial Statements:</i>  |       |
| Balance Sheet - Governmental Funds. . . . .  | 11    |
| Reconciliation of the Governmental Fund Balance<br>Sheet to the Statement of Net Position . . . . .  | 12    |
| Statement of Revenues, Expenditures and Changes<br>in Fund Balance - Governmental Funds. . . . .   | 13    |
| Reconciliation of the Statement of Revenues,<br>Expenditures and Changes in Fund Balance<br>of Governmental Funds to the Statement of Activities. . . . .  | 14    |
| Notes to the Basic Financial Statements . . . . .  | 15-27 |
| <b>Required Supplementary Information:</b>   |       |
| Budgetary Comparison Schedules. . . . .  | 28-31 |
| .  |       |
| <b>Independent Auditor's Report on Internal Control Over<br/>Financial Reporting and on Compliance and Other Matters<br/>Based on an Audit of Financial Statements Performed in<br/>Accordance with <i>Government Auditing Standards</i> . . . . .</b> | 32-33 |
| <b>Management Letter . . . . .</b>   | 34-35 |

**Odyssey Preparatory Academy**  
(A charter school under Odyssey Charter School, Inc.  
W/L# 6541

1350 Wyoming Drive SE  
Palm Bay, FL 32909

**2018-2019**

BOARD OF DIRECTORS

Leslie Maloney, President  
Thomas Cole, Vice President  
Amanda Larson, Treasurer  
Andy Ziegler, Board Member

SCHOOL ADMINISTRATION

Wendi Nolder, Principal



## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Odyssey Preparatory Academy  
Palm Bay, Florida

We have audited the accompanying financial statements of the governmental activities and each major fund of Odyssey Preparatory Academy (the “School”), a charter school under Odyssey Charter School, Inc. , which is a component unit of the District School Board of Brevard County, as of, and for the year ended June 30, 2019, and the related notes to the financial statements which collectively comprise the School’s basic financial statements as listed in the table of contents.

### ***Management’s Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor’s Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

396 Alhambra Circle, Suite 900, Coral Gables, FL 33134 • Tel: 305.446.3022 • Fax: 305.446.6319  
[www.hlbgravier.com](http://www.hlbgravier.com)

HLB Gravier, LLP is a member of  International. A world-wide organization of accounting firms and business advisers.

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Odyssey Preparatory Academy as of June 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

As described in Note 1, the accompanying financial statements referred to above present only the financial position of Odyssey Preparatory Academy as of June 30, 2019, and the respective changes in financial position for the year then ended, and is not intended to be a complete presentation of Odyssey Charter School, Inc. These financial statements do not purport to and do not present fairly the financial position of Odyssey Charter School, Inc. as of June 30, 2019 and its changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated August 30, 2019 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, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 reporting and compliance.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 8 and 28 through 31 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
August 30, 2019

**Management's Discussion and Analysis**  
Odyssey Preparatory Academy  
(A Charter School Under Odyssey Charter School, Inc. )

June 30, 2019

The corporate officers of Odyssey Preparatory Academy have prepared this narrative overview and analysis of the School's financial activities for the year ended June 30, 2019.

**Financial Highlights**

1. The net position of the School at June 30, 2019 was \$555,173.
2. At year-end, the School had current assets on hand of \$1,098,401.
3. The School had an increase in net position of \$165,019 for the year ended June 30, 2019.
4. The unassigned fund balance at year end was \$479,970.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the School's basic financial statements. The School's financial statements for the year ended June 30, 2019 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 *government-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 the four is 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 years.

The government-wide financial statements can be found on pages 9 - 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. *Government Funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Government 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.

The Board of the School adopts an annual appropriated budget for its governmental funds. A budgetary comparison statement has been provided for the governmental funds to demonstrate compliance with the School's budget.

The basic governmental fund financial statements can be found on pages 11 – 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 - 27 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, net position was \$555,173 at the close of the fiscal year. A summary of the School's net position as of June 30, 2019 and 2018 is as follows:

|   | 2019              | 2018              |
|---|-------------------|-------------------|
| Cash  | \$ 590,935        | \$ 258,200        |
| Restricted cash held by trustee                             | 346,538           | 345,054           |
| Prepaid expenses and other current assets                   | 23,234            | 33,450            |
| Due from other agencies                                     | 61,262            | 76,095            |
| Due from other divisions of<br>Odyssey Charter School, Inc. | 76,432            | 99,808            |
| Capital assets, net   | 3,576,835         | 3,645,901         |
| Total Assets  | <u>4,675,236</u>  | <u>4,458,508</u>  |
| Deferred Outflows   | <u>-</u>          | <u>-</u>          |
| Accounts payable and accrued liabilities                    | 248,659           | 130,354           |
| Capital lease obligation                                    | 28,918            | 46,110            |
| Bond payable  | 3,842,486         | 3,891,890         |
| Total Liabilities   | <u>4,120,063</u>  | <u>4,068,354</u>  |
| Deferred Inflows  | <u>-</u>          | <u>-</u>          |
| Net Position:   |                   |                   |
| Net investment in capital assets                            | 47,340            | -                 |
| Restricted by bond  | 346,538           | 345,054           |
| Unrestricted  | 161,295           | 45,100            |
| Total Net Position  | <u>\$ 555,173</u> | <u>\$ 390,154</u> |

At the end of the year, the School is able to report positive balances in total net position.

A summary and analysis of the School's revenues and expenses for the year ended June 30, 2019 and 2018 is as follows:

|   | <u>2019</u>         | <u>2018</u>         |
|---|---------------------|---------------------|
| REVENUES  |                     |                     |
| Program Revenues                                  |                     |                     |
| Capital grants and contributions                  | \$ 326,546          | \$ 110,226          |
| Operating grants and contributions                | 277,971             | 283,142             |
| Lunch program                                     | 315,642             | 253,938             |
| Charges for services                              | 30,680              | 10,000              |
| General Revenues                                  |                     |                     |
| FTE and other nonspecific revenues                | 2,910,715           | 2,678,024           |
| Other revenues                                    | 8,507               | 46,261              |
| Total Revenues                                    | <u>\$ 3,870,061</u> | <u>\$ 3,381,591</u> |
| EXPENSES  |                     |                     |
| Component Unit Activities:                        |                     |                     |
| Instruction                                       | \$ 1,680,302        | \$ 1,479,358        |
| Student support services                          | 38,505              | 29,203              |
| Instructional media services                      | 37,988              | 38,564              |
| Instructional and curriculum development services | 87,717              | 103,913             |
| Instructional staff training services             | 8,978               | 6,530               |
| Instructional related technology                  | 47,729              | 51,277              |
| School administration                             | 743,997             | 628,581             |
| Fiscal services                                   | 41,128              | 44,903              |
| Food services                                     | 315,888             | 256,602             |
| Pupil transportation services                     | 132,704             | 78,439              |
| Operation of plant                                | 341,752             | 337,072             |
| Maintenance of plant                              | 11,851              | 14,839              |
| Community services                                | 35,946              | 123,830             |
| Interest  | 180,557             | 187,297             |
| Total Expenses                                    | <u>3,705,042</u>    | <u>3,380,408</u>    |
| Increase in Net Position                          | 165,019             | 1,183               |
| Net Position at Beginning of Year                 | <u>390,154</u>      | <u>388,971</u>      |
| Net Position at End of Year                       | <u>\$ 555,173</u>   | <u>\$ 390,154</u>   |

The School's revenue and expenditures increased by \$488,470 and \$324,634, respectively, as a result of an increase in student enrollment resulting in increases in FTE revenues. The School had an increase in its net position of \$165,019.

## **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 \$503,204. The fund balance that is unassigned and available for spending at the School's discretion is \$479,970. These funds will be available for the School's future operations.

## **Achievements 2018-2019**

Odyssey Preparatory Academy received a 'B' grade, increasing their percentage from 57 to 61. Odyssey Prep was only one percentage point away from an 'A' school grade and tied for third place in the city of Palm Bay. Odyssey Prep was in the top 10% of all Title I schools at 80% or higher poverty and 50% or higher minority. Odyssey Prep was in 2<sup>nd</sup> place out of 32 Title I schools in the district with 70% or higher poverty.

## **Capital Assets**

The School's investment in capital assets as of June 30, 2019 amounts to \$3,576,835 (net of accumulated depreciation). This investment in capital assets includes building and improvements, furniture, fixtures and computer equipment. As of June 30, 2019, the School had long term debt totaling \$3,871,404 relating to capital assets.

## **Requests for Information**

This financial report is intended to provide a general overview of the finances of the Charter School. Requests for additional information may be addressed to Green Apple School Management, LLC, 1900 S. Harbor City Blvd., Suite 120, Melbourne, FL 32901.

## Governmental Fund Budget Analysis and Highlights

Prior to the start of the School's fiscal year, the Board of the Charter School adopted an annual budget. A budgetary comparison statement has been provided for total governmental funds (both general fund, capital projects fund and non-major governmental funds) to demonstrate compliance with the School's budget.

|   | Governmental Funds  |                     |                  |
|---|---------------------|---------------------|------------------|
|   | Original<br>Budget  | Final<br>Budget     | Actual           |
| <b>REVENUES</b>                                       |                     |                     |                  |
| Program Revenues                                      |                     |                     |                  |
| Capital grants and contributions                      | \$ 193,800          | \$ 326,550          | \$ 326,546       |
| Federal sources                                       | 266,740             | 277,970             | 277,971          |
| Federal lunch program                                 | 230,000             | 297,975             | 297,974          |
| Charges for services and other revenue                | 12,000              | 18,325              | 56,855           |
| General Revenues                                      |                     |                     |                  |
| FTE and other nonspecific revenues                    | 2,903,416           | 2,910,725           | 2,910,715        |
| Total Revenues  | <u>3,605,956</u>    | <u>3,831,545</u>    | <u>3,870,061</u> |
| <b>EXPENDITURES</b>                                   |                     |                     |                  |
| Component Unit Activities:                            |                     |                     |                  |
| Instruction   | 1,493,656           | 1,624,425           | 1,624,994        |
| Student support services                              | 42,690              | 38,525              | 38,505           |
| Instructional media services                          | 22,540              | 17,000              | 17,188           |
| Instructional and curriculum development services     | 105,995             | 87,800              | 87,717           |
| Instructional staff training services                 | 18,783              | 9,100               | 8,978            |
| Instructional related technology                      | 78,000              | 47,500              | 47,729           |
| School administration                                 | 727,946             | 743,500             | 743,781          |
| Fiscal services                                       | 48,564              | 41,000              | 41,128           |
| Food services   | 242,000             | 314,275             | 314,261          |
| Pupil transportation services                         | 123,892             | 135,350             | 132,704          |
| Operation of plant                                    | 230,365             | 214,925             | 214,915          |
| Maintenance of plant                                  | 23,500              | 11,700              | 11,851           |
| Community services                                    | -                   | 35,000              | 35,946           |
| Expenditures (before capital outlay and debt service) | <u>3,157,931</u>    | <u>3,320,100</u>    | <u>3,319,697</u> |
| Capital Outlay and Debt Service:                      |                     |                     |                  |
| Repayment of principal                                | 85,000              | 75,500              | 66,596           |
| Interest expense                                      | 185,138             | 180,575             | 180,557          |
| Capital outlay  | 37,151              | 135,725             | 135,722          |
| Total Expenditures                                    | <u>\$ 3,465,220</u> | <u>\$ 3,711,900</u> | <u>3,702,572</u> |

Most variances occurred as a result of the Budget adopted being more conservative than actual results for the year.

Odyssey Preparatory Academy  
(A charter school under Odyssey Charter School, Inc.)  
Statement of Net Position  
June 30, 2019

|   | <u>Governmental<br/>Activities</u> |
|---|------------------------------------|
| <b><u>Assets</u></b>                                    |                                    |
| Current assets:   |                                    |
| Cash  | \$ 590,935                         |
| Restricted cash held by trustee                         | 346,538                            |
| Due from other divisions of Odyssey Charter School Inc. | 76,432                             |
| Prepaid expenses and other current assets               | 23,234                             |
| Due from other agencies                                 | <u>61,262</u>                      |
|   | 1,098,401                          |
| Land  | 676,578                            |
| Capital assets, depreciable                             | 3,565,194                          |
| Less: accumulated depreciation                          | <u>(664,937)</u>                   |
|   | 3,576,835                          |
| Total Assets  | <u>4,675,236</u>                   |
| <b><u>Deferred Outflows of Resources</u></b>            |                                    |
|   | <u>-</u>                           |
| <b><u>Liabilities</u></b>                               |                                    |
| Current liabilities:                                    |                                    |
| Salaries and wages payable and accrued expenses         | 160,000                            |
| Accounts payable  | 88,659                             |
| Current portion of bond payable                         | 51,552                             |
| Capital lease obligation payable within one year        | <u>17,633</u>                      |
|   | 317,844                            |
| Long-term debt:   |                                    |
| Capital lease obligation                                | 11,285                             |
| Bond payable  | <u>3,790,934</u>                   |
| Total Liabilities                                       | 4,120,063                          |
| <b><u>Deferred Inflows of Resources</u></b>             |                                    |
|   | <u>-</u>                           |
| <b><u>Net position</u></b>                              |                                    |
| Net investment in capital assets                        | 47,340                             |
| Restricted by bond                                      | 346,538                            |
| Unrestricted  | <u>161,295</u>                     |
| Total Net Position                                      | <u>\$ 555,173</u>                  |

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

Odyssey Preparatory Academy  
(A charter school under Odyssey Charter School, Inc.)  
Statement of Activities  
For the year ended June 30, 2019

| FUNCTIONS   | Expenses         | Program Revenues        |  | Net (Expense)<br>Revenue<br>and Changes<br>in Net Position |  |
|---|------------------|-------------------------|--|--|--|
|   |                  | Charges for<br>Services | Operating<br>Grants and<br>Contributions |  | Capital<br>Grants and<br>Contributions |
| <b>Governmental activities:</b>                   |                  |                         |  |  |  |
| Instruction                                       | \$ 1,680,302     | \$ -                    | \$ 123,673                               | \$ -   | \$ (1,556,629)                         |
| Student support services                          | 38,505           | -                       | 32,436                                   | -  | (6,069)                                |
| Instructional media services                      | 37,988           | -                       | -  | -  | (37,988)                               |
| Instructional and curriculum development services | 87,717           | -                       | 87,305                                   | -  | (412)                                  |
| Instructional staff training services             | 8,978            | -                       | 8,160                                    | -  | (818)                                  |
| Instructional related technology                  | 47,729           | -                       | 16,055                                   | -  | (31,674)                               |
| School administration                             | 743,997          | -                       | -  | -  | (743,997)                              |
| Fiscal services                                   | 41,128           | -                       | -  | -  | (41,128)                               |
| Food services                                     | 315,888          | 17,668                  | 297,974                                  | -  | (246)                                  |
| Pupil transportation services                     | 132,704          | -                       | 10,342                                   | -  | (122,362)                              |
| Operation of plant                                | 341,752          | -                       | -  | 326,546  | (15,206)                               |
| Maintenance of plant                              | 11,851           | -                       | -  | -  | (11,851)                               |
| Community services                                | 35,946           | 30,680                  | -  | -  | (5,266)                                |
| Interest  | 180,557          | -                       | -  | -  | (180,557)                              |
| <b>Total Governmental Activities</b>              | <b>3,705,042</b> | <b>48,348</b>           | <b>575,945</b>                           | <b>326,546</b>   | <b>(2,754,203)</b>                     |
| General revenues:                                 |                  |                         |  |  |  |
| FTE and other nonspecific revenues                |                  |                         |  |  | 2,910,715                              |
| Interest and other revenue                        |                  |                         |  |  | 8,507                                  |
| Change in net position                            |                  |                         |  |  | 165,019                                |
| Net position, beginning                           |                  |                         |  |  | 390,154                                |
| Net position, ending                              |                  |                         |  |  | <u>\$ 555,173</u>                      |

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

Odyssey Preparatory Academy  
(A charter school under Odyssey Charter School, Inc.)  
Balance Sheet - Governmental Funds  
June 30, 2019

|   | General Fund      | Special Revenue Fund | Debt Service Fund | Capital Projects Fund | Total Governmental Funds |
|---|-------------------|----------------------|-------------------|-----------------------|--------------------------|
| <b><u>Assets</u></b>  |                   |                      |                   |                       |                          |
| Cash  | \$ 590,935        | \$ -                 | \$ -              | \$ -                  | \$ 590,935               |
| Restricted cash held by trustee                                   | -                 | -                    | 253,384           | 93,154                | 346,538                  |
| Due from other divisions of Odyssey Charter School Inc.           | 76,432            | -                    | -                 | -                     | 76,432                   |
| Due from other agencies   | -                 | 39,220               | -                 | 22,042                | 61,262                   |
| Prepaid expenses  | 23,234            | -                    | -                 | -                     | 23,234                   |
| Due from funds  | 61,262            | -                    | -                 | -                     | 61,262                   |
| Total Assets  | <u>751,863</u>    | <u>39,220</u>        | <u>253,384</u>    | <u>115,196</u>        | <u>1,159,663</u>         |
| <b><u>Deferred Outflows of Resources</u></b>                      |                   |                      |                   |                       |                          |
|   | -                 | -                    | -                 | -                     | -                        |
| <b><u>Liabilities</u></b>   |                   |                      |                   |                       |                          |
| Salaries and wages payable  | 160,000           | -                    | -                 | -                     | 160,000                  |
| Accounts payable  | 88,659            | -                    | -                 | -                     | 88,659                   |
| Capital lease obligation payable                                  | -                 | -                    | -                 | -                     | -                        |
| Due to other charter school                                       | -                 | -                    | -                 | -                     | -                        |
| Due to funds  | -                 | 39,220               | -                 | 22,042                | 61,262                   |
| Total Liabilities   | <u>248,659</u>    | <u>39,220</u>        | <u>-</u>          | <u>22,042</u>         | <u>309,921</u>           |
| <b><u>Deferred Inflows of Resources</u></b>                       |                   |                      |                   |                       |                          |
|   | -                 | -                    | -                 | -                     | -                        |
| <b><u>Fund balance</u></b>  |                   |                      |                   |                       |                          |
| Nonspendable, not in spendable form                               | 23,234            | -                    | -                 | -                     | 23,234                   |
| Restricted by bonds   | -                 | -                    | 253,384           | 93,154                | 346,538                  |
| Unassigned  | 479,970           | -                    | -                 | -                     | 479,970                  |
|   | <u>503,204</u>    | <u>-</u>             | <u>253,384</u>    | <u>93,154</u>         | <u>849,742</u>           |
| Total Liabilities, Deferred Inflows of Resources and Fund Balance | <u>\$ 751,863</u> | <u>\$ 39,220</u>     | <u>\$ 253,384</u> | <u>\$ 115,196</u>     | <u>\$ 1,159,663</u>      |

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

Odyssey Preparatory Academy  
(A charter school under Odyssey Charter School, Inc.)  
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position  
June 30, 2019

---

Total Fund Balance - Governmental Funds \$ 849,742

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

Capital assets of \$4,241,772 net of accumulated depreciation of \$664,937 used in governmental activities are not financial resources and therefore are not reported in the fund. 3,576,835

Long term debt which is not due and payable in the current period and, therefore, is not reported in the governmental funds. (3,871,404)

Total Net Position - Governmental Activities \$ 555,173

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

Odyssey Preparatory Academy  
(A charter school under Odyssey Charter School, Inc.)  
Statement of Revenues, Expenditures, and Changes in Fund Balance-Governmental Funds  
For the year ended June 30, 2019

|  | General Fund      | Special Revenue Fund | Debt Service Fund | Capital Projects Fund | Total Governmental |
|--|-------------------|----------------------|-------------------|-----------------------|--------------------|
| <b>Revenues:</b>   |                   |                      |                   |                       |                    |
| State capital outlay funding                                   | \$ -              | \$ -                 | \$ -              | \$ 326,546            | \$ 326,546         |
| State passed through local                                     | 2,910,715         | -                    | -                 | -                     | 2,910,715          |
| Federal sources  | -                 | 277,971              | -                 | -                     | 277,971            |
| Federal lunch program  | -                 | 297,974              | -                 | -                     | 297,974            |
| Other revenue  | 7,022             | -                    | 798               | 687                   | 8,507              |
| Charges for services   | 30,680            | 17,668               | -                 | -                     | 48,348             |
| <b>Total Revenues</b>  | <b>2,948,417</b>  | <b>593,613</b>       | <b>798</b>        | <b>327,233</b>        | <b>3,870,061</b>   |
| <b>Expenditures:</b>   |                   |                      |                   |                       |                    |
| <b>Current</b>   |                   |                      |                   |                       |                    |
| Instruction  | 1,501,321         | 123,673              | -                 | -                     | 1,624,994          |
| Student support services                                       | 6,069             | 32,436               | -                 | -                     | 38,505             |
| Instructional media services                                   | 17,188            | -                    | -                 | -                     | 17,188             |
| Instructional and curriculum development services              | 412               | 87,305               | -                 | -                     | 87,717             |
| Instructional staff training services                          | 818               | 8,160                | -                 | -                     | 8,978              |
| Instructional related technology                               | 31,674            | 16,055               | -                 | -                     | 47,729             |
| School administration  | 743,781           | -                    | -                 | -                     | 743,781            |
| Fiscal services  | 41,128            | -                    | -                 | -                     | 41,128             |
| Food services  | -                 | 314,261              | -                 | -                     | 314,261            |
| Pupil transportation services                                  | 122,362           | 10,342               | -                 | -                     | 132,704            |
| Operation of plant   | -                 | -                    | -                 | 214,915               | 214,915            |
| Maintenance of plant   | 7,191             | -                    | -                 | 4,660                 | 11,851             |
| Community services   | 35,946            | -                    | -                 | -                     | 35,946             |
| <b>Capital Outlay:</b>   |                   |                      |                   |                       |                    |
| Other capital outlay   | 28,750            | -                    | -                 | 106,972               | 135,722            |
| <b>Debt Service:</b>   |                   |                      |                   |                       |                    |
| Repayment of principal on loans and leases                     | -                 | -                    | 66,596            | -                     | 66,596             |
| Interest   | -                 | -                    | 180,557           | -                     | 180,557            |
| <b>Total Expenditures</b>                                      | <b>2,536,640</b>  | <b>592,232</b>       | <b>247,153</b>    | <b>326,547</b>        | <b>3,702,572</b>   |
| Excess/(Deficit) of revenues over expenditures                 | 411,777           | 1,381                | (246,355)         | 686                   | 167,489            |
| <b>Other financing sources:</b>                                |                   |                      |                   |                       |                    |
| Repayment from other divisions of Odyssey Charter School, Inc. | 99,808            | -                    | -                 | -                     | 99,808             |
| Transfers in and (out)   | (245,772)         | (1,381)              | 246,305           | 848                   | -                  |
| <b>Net change in fund balance</b>                              | <b>265,813</b>    | <b>-</b>             | <b>(50)</b>       | <b>1,534</b>          | <b>267,297</b>     |
| Fund Balance at beginning of year                              | 237,391           | -                    | 253,434           | 91,620                | 582,445            |
| <b>Fund Balance at end of year</b>                             | <b>\$ 503,204</b> | <b>\$ -</b>          | <b>\$ 253,384</b> | <b>\$ 93,154</b>      | <b>\$ 849,742</b>  |

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

Odyssey Preparatory Academy  
 (A charter school under Odyssey Charter School, Inc.)  
 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance  
 of Governmental Funds to the Statement of Activities  
 For the year ended June 30, 2019

---

Net Change in Fund Balance - Governmental Funds \$ 267,297

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 of \$135,722 differed from depreciation expense of \$204,788 (69,066)

The proceeds from debt issuance provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which repayments of \$75,510 exceeded proceeds of \$0 in the current period. 66,596

Increase in long term receivables is an expenditure in the governmental funds, but a decrease or collections of such receivables reduces long-term assets in the statement of net position. This is the amount by which increase in long-term receivables of \$0 differed from the collections in the current period of \$99,808. (99,808)

Change in Net Position of Governmental Activities \$ 165,019

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



## **Note 1 – Summary of Significant Accounting Policies**

### Reporting Entity

Odyssey Preparatory Academy (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 board of directors of the not-for-profit corporation, which is composed of four members. The School operates under a charter granted by the sponsoring district, the District School Board of Brevard County (the "District"). The current charter expires on June 30, 2023 and is renewable for an additional term pursuant to law or by mutual written agreement between the School and the District. During the term of the charter, the District may terminate the charter if good cause is shown. The School is considered a component unit of such District. The School is located in Palm Bay, Florida for students from kindergarten through sixth grades and is funded by the District. These financial statements are for the year ended June 30, 2019, during which 409 students were enrolled for the school year.

### Basis of Presentation

The School's accounting policies conform to accounting principles generally accepted in the United States as 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.

### Government-wide and Fund Financial Statements

#### *Government-wide Financial Statements*

The government-wide financial statements include the statement of net position and the statement of activities. These statements report information about the School as a whole. Any internal interfund activity has been eliminated from these financial statements. Both statements report only governmental activities as the School does not engage in any business type activities.

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 which report fees; (2) operating grants such as the National School Lunch Program, Federal grants, and other state allocations; and (3) local and state capital grants specific to capital outlay. Other revenue sources not properly included with program revenues are reported as general revenues.

**Note 1 – Summary of Significant Accounting Policies (continued)**

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an 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 financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The School does not have any items that qualify for reporting in this category.

*Fund Financial Statements*

Fund financial statements are provided for governmental funds. The operations of the funds are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, equity, revenues and expenditures. Major individual governmental funds are reported as separate columns in the fund financial statements:

*General Fund* – is the School’s primary operating fund. It accounts for all financial resources of the school, except those required to be accounted for in another fund.

*Special Revenue Fund* – accounts for specific revenue, such as the federal lunch program and other federal grants that are legally restricted to expenditures for particular purposes.

*Debt Service Fund* – accounts for the resources accumulated and payments made for principal and interest on long-term debt of the School.

*Capital Projects Fund* – is used to account for the resources restricted for the acquisition or construction of specific capital assets from the bond proceeds and for state and local capital outlay funding that are legally restricted to expenditures for particular purposes.

Measurement Focus and Basis of Accounting

The financial statements of the School are prepared in accordance with generally accepted accounting principles (GAAP). The School’s reporting entity applies all relevant Governmental Accounting Standards Board (GASB) *Codification of Accounting and Financial Reporting Guidance*.

The government-wide statements report using the economic resources measurement focus and the full 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.

**Note 1 – Summary of Significant Accounting Policies (continued)**

The School recognizes assets of non-exchange transactions in the period when the underlying transaction occurs, when an enforceable legal claim has arisen, or when all eligibility requirements are met. Revenues are recognized, on the modified accrual basis, when they are measurable and available. Non-exchange transactions occur when the school provides (or receives) value to (from) another party without receiving (or giving) equal or nearly equal value in return. Most donations are examples of non-exchange transactions. Revenues from grants and donations are recognized on the accrual basis, in the fiscal year in which all eligibility requirements have been satisfied.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. “Measurable” means the amount of the transaction can be determined. “Available” means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The School considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Florida Education Finance Program (FEFP) revenues are recognized when received. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Charges for services and fees are recognized when cash is collected as amounts are not measurable. When grant terms provide that the expenditure of funds is the prime factor for determining eligibility for federal, state, and other grant funds, revenue is recognized at the time the expenditure is made. Expenditures are recorded when the related fund liability is incurred, except for long-term debt principal and interest which are reported as expenditures in the year due.

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.

Inter-fund Transfers

Outstanding balances between funds are reported as “due to/from” other funds. Inter-fund transfers are made to move any excess or shortage of funds derived from the National School Lunch Program from the Special Revenue Fund to the General Fund. Inter-fund transfers are also made between the General Fund, Debt Service and Capital Projects Fund. See Note 7.

**Note 1 – Summary of Significant Accounting Policies (continued)**

Cash

All deposits are held in major banks and high grade investments. The School has not adopted a formal investment policy. Cash and cash equivalents include all highly liquid investments with a maturity of three months or less.

Due from Other Governments or Agencies

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

Long –Term Debt

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bond payable is reported net of the applicable bond premium or discount. Bond issuance costs are recognized as an expense in the period incurred. In the fund financial statements, governmental fund types report the face amount of debt issued as other financing sources.

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 \$2,000 or more. Building improvements, additions and other capital outlays that significantly extend the 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 disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are as follows:

|                                   |            |
|-----------------------------------|------------|
| Building and improvements         | 5-39 Years |
| Furniture, equipment, and library | 3-10 Years |
| Computer equipment and software   | 3-5 Years  |

**Note 1 – Summary of Significant Accounting Policies (continued)**

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 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 lease 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 may also receive 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 until expended. Additionally, other revenues may be derived from various fundraising activities and certain other programs.

Charges for Services

The School charges students for various instruction and curriculum development programs including music, tutoring, food, and art programs. These activities are recorded in the general fund since the fees charged are only supplementing the programs and the cost of such programs substantially exceed the fees.

Compensated Absences

The School grants a specific number of sick days. Full time salary employees are entitled to one day per month to up to ten days of active work during the ten-month period. Full-time hourly employees are entitled to four days of paid leave annually. In the event that available time is not used by the end of the benefit year, employees will not be able to “rollover” unused days for use in future years. There is no termination payment for accumulated unused sick days.

**Note 1 – Summary of Significant Accounting Policies (continued)**

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 sick days available to be used in future benefit 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.

Income Taxes

Odyssey Charter School, Inc. qualifies as a tax-exempt organization under Internal Revenue Code Section 501(c)(3), and is, therefore, exempt from income tax. Accordingly, no tax provision has been made in the accompanying financial statements.

Subsequent Events

In accordance with GASB Codification Section 2250.106, the School has evaluated subsequent events and transactions for potential recognition or disclosure through August 30, 2019, which is the date the financial statements were available to be issued.

Order of Fund Balance Spending Policy

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

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. At June 30, 2019 the composition of restricted balances is as follows:

**Note 1 – Summary of Significant Accounting Policies (continued)**

At June 30, 2019 the composition of restricted balances is as follows:

|  | <u>Odyssey Charter School</u> | <u>Odyssey Preparatory Academy</u> | <u>Total</u>        |
|--|-------------------------------|------------------------------------|---------------------|
| <b><u>Debt Service Fund</u></b>            |                               |                                    |                     |
| Sinking Fund                               | \$ 827,526                    | \$ 253,384                         | \$ 1,080,910        |
| <b>Total Debt Service Fund</b>             | <b>\$ 827,526</b>             | <b>\$ 253,384</b>                  | <b>\$ 1,080,910</b> |
| <b><u>Reserve for Capital Projects</u></b> |                               |                                    |                     |
| Funds held by Trustee                      | \$ 449,561                    | \$ 93,154                          | \$ 542,715          |
| <b>Total Reserves for Capital Projects</b> | <b>\$ 449,561</b>             | <b>\$ 93,154</b>                   | <b>\$ 542,715</b>   |

Net position and Fund balance classifications

*Government-wide financial statements*

Equity is classified as net position and displayed in three (3) 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. Restricted net position of the School relate to the bond issue.
- c) Unrestricted net position - all other net position that do not meet the definition of "restricted" or "net investment in capital assets."

*Fund financial statements*

Under GASB Codification Section 1800.142, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement 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 inventories, prepaid expenses, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned).
- 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 of the School relate to the bond issue.

**Note 1 – Summary of Significant Accounting Policies (continued)**

- 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 are intended to be used by the School’s management for specific purposes but do not meet the criteria to be classified as restricted or committed. There are no assigned fund balances at year end.
- 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.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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.

**Note 2 –Capital Assets**

The following schedule provides a summary of changes in capital assets, acquired substantially with public funds, for the year ended June 30, 2019:

|                                    | Balance<br>07/01/18 | Additions          | Reclassification/<br>Retirements | Balance<br>06/30/19 |
|------------------------------------|---------------------|--------------------|----------------------------------|---------------------|
| Capital Assets:                    |                     |                    |                                  |                     |
| Land                               | \$ 676,578          | \$ -               | \$ -                             | \$ 676,578          |
| Capital assets, depreciable:       |                     |                    |                                  |                     |
| Buildings and improvements         | 2,774,206           | -                  | -                                | 2,774,206           |
| Computer equipment and software    | 144,472             | -                  | -                                | 144,472             |
| Furniture, equipment and textbooks | 510,794             | 135,722            | -                                | 646,516             |
| Total Capital Assets               | 4,106,050           | 135,722            | -                                | 4,241,772           |
| Less: Accumulated Depreciation     |                     |                    |                                  |                     |
| Building and improvements          | (127,654)           | (99,601)           | -                                | (227,255)           |
| Computer equipment and software    | (113,576)           | (14,374)           | -                                | (127,950)           |
| Furniture, equipment and textbooks | (218,919)           | (90,813)           | -                                | (309,732)           |
|                                    | (460,149)           | (204,788)          | -                                | (664,937)           |
| Capital Assets, net                | <u>\$ 3,645,901</u> | <u>\$ (69,066)</u> | <u>\$ -</u>                      | <u>\$3,576,835</u>  |



**Note 2 –Capital Assets (continued)**

For the fiscal year ended June 30, 2019, depreciation expense is allocated in the Statement of Activities by function as follows:

|                            |    |                |
|----------------------------|----|----------------|
| Instruction                | \$ | 55,308         |
| Instructional media        |    | 20,800         |
| Food services              |    | 1,627          |
| Operation of plant         |    | 126,837        |
| School administration      |    | 216            |
| Total Depreciation Expense | \$ | <u>204,788</u> |

**Note 3 – Management Agreement**

The School uses a professional charter school management company to provide management and administrative services to the School including, but not limited to: facility design, staffing recommendations, human resource coordination, regulatory compliance, legal and corporate upkeep, maintenance of the books and records, bookkeeping, budgeting and financial reporting. The School contracted with Green Apple School Management, LLC. The agreement with Green Apple School Management, LLC is for a period of five years through June 30, 2023 unless terminated, modified or renewed by the parties. The agreement between the School and the management company called for a fee of \$700 per full time equivalent (FTE) student for the school year ended June 30, 2019. During the year ended June 30, 2019, the School incurred \$286,300 in management fees.

Green Apple School Management, LLC is located at 1900 S. Harbor City Blvd., Suite 120, Melbourne, FL 32901. The managing member is Constance Ortiz.

**Note 4 –Transactions with District and Other Divisions of Odyssey Charter School, Inc.**

The School made several non-interest bearing advances during the year to affiliates. The following schedule provides a summary of changes in long-term receivables with other divisions of Odyssey Charter School for the year ended June 30, 2019.

|                        | <u>Balance</u><br><u>July 01, 2018</u> | <u>Advances</u> | <u>Repayments</u>  | <u>Balance</u><br><u>June 30, 2019</u> |
|------------------------|--|-----------------|--------------------|--|
| Long-term Receivables  |  |                 |                    |  |
| Odyssey Charter School | \$ 99,808                              | \$ -            | \$ (99,808)        | \$ -                                   |
|                        | <u>\$ 99,808</u>                       | <u>\$ -</u>     | <u>\$ (99,808)</u> | <u>\$ -</u>                            |

**Note 4 – Transactions with District and Other Divisions of Odyssey Charter School, Inc.  
(continued)**

Pursuant to the Charter School contract with the District, the District withholds an administrative fee of 5% of the qualifying revenues of the School. For the year ended June 30, 2019, administrative fees withheld by the School District totaled \$89,752.

**Note 5 – Long Term Debt**

Revenue Bond

On April 27, 2017, Educational Facilities Revenue Bonds, Series 2017A and 2017B – Capital Trust Agency (the “Issuer”) issued Educational Facilities Revenue Bonds (Odyssey Charter School Project), Series 2017A, in the aggregate principal amount of \$15,585,000 (the “Series 2017A Bonds”). Odyssey Charter School, Inc. issued Taxable Educational Facilities Revenue Bonds (Odyssey Charter School Projects) Series 2017B, in the aggregate principal amount of \$395,000 (the “Series 2017B Bonds”). The bonds were used to (i) finance or refinance the costs of acquiring, constructing, and equipping certain charter school facilities (collectively, the “Facility”) for the School located within Brevard County, Florida., the land on which the School will be located (the “Site”), and improvements thereto (collectively the “Project”), (ii) fund a debt service reserve account for the Series 2017 Bonds, (iii) fund capitalized interest with respect to the Series 2017A Bonds, and (iv) pay certain costs of issuance of the Series 2017 Bonds. The Series 2017A Bonds are subject to mandatory and optional redemption prior to maturity. The Series 2017B are subject to mandatory redemption prior to maturity. The bond funds were primarily utilized for the acquisition of one of the School’s current site located at 1350 Wyoming Drive, Palm Bay, Florida and to refinance the facilities located at 1755 Eldron Boulevard, S.E. Palm Bay, Florida. The remaining funds were used for bond issuance costs and various capital projects at both sites. The sites are shared between the School and Odyssey Preparatory Academy where each school records their pro rata share of the bonds as of the date of issuance (25.0% for the School and 75.0% for Odyssey Charter School).

Interest is payable annually on July 1. The bonds are secured by an Indenture of Trust dated as of April 1, 2017 between the Issuer and U.S. Bank National Association (the “Trustee”) pursuant to a resolution of the Issuer adopted on March 21, 2017. The issuer has no obligation for the debt beyond the resources provided by the facility. These Bonds are subject to interest rates ranging from 4.750% to 6.000%. The bonds were issued at par.

**Note 5 – Long Term Debt (continued)**

The bonds contain restrictive covenants related to debt service coverage ratio, days cash on hand requirements, student enrollment and reporting requirements. In the event of default, the maturity date can be accelerated and/or the underlying collateral may be subject to foreclosure. Revenue bond debt service requirements to maturity are as follows:

**Series 2017A Bonds:**

| <u>Year Ending June 30,</u> | <u>Principal</u> | <u>Interest</u> |
|-----------------------------|------------------|-----------------|
| 2020                        | \$ 75,000        | \$ 830,713      |
| 2021                        | \$ 255,000       | \$ 822,875      |
| 2022                        | \$ 265,000       | \$ 810,525      |
| 2023                        | \$ 280,000       | \$ 797,581      |
| 2024                        | \$ 295,000       | \$ 783,925      |
| 2025-2029                   | \$ 1,690,000     | \$ 3,690,587    |
| 2030-2034                   | \$ 2,195,000     | \$ 3,188,796    |
| 2035-2039                   | \$ 2,880,000     | \$ 2,611,012    |
| 2040-2044                   | \$ 3,780,000     | \$ 1,606,552    |
| 2045-2048                   | \$ 3,870,000     | \$ 440,275      |

**Series 2017B Bonds:**

| <u>Year Ending June 30,</u> | <u>Principal</u> | <u>Interest</u> |
|-----------------------------|------------------|-----------------|
| 2020                        | \$ 165,000       | \$ 4,950        |

Capital Leases

The School leases certain office, kitchen and transportation equipment under capital leases with a gross value of \$62,265 recorded in fixed assets and accumulated depreciation totaling \$39,910 which is recorded to instruction. The assets and liabilities under the capital leases are recorded at the lower of the present value of the future minimum lease payments or the fair value of the assets. Minimum future lease payments under such leases are as follows:

| <u>Year ending</u>            | <u>Principal</u> | <u>Interest</u> |
|-------------------------------|------------------|-----------------|
| 2020                          | \$ 18,934        | \$ (16,666)     |
| 2021                          | 8,528            | (1,301)         |
| 2022                          | 3,122            | (334)           |
| Total future minimum payments | <u>30,584</u>    | <u>(18,301)</u> |

Total interest expense as of June 30, 2019 was \$180,557.

Odyssey Preparatory Academy  
(A Charter School under Odyssey Charter School, Inc. )  
Notes to Financial Statements  
June 30, 2019

**Note 5 – Long Term Debt (continued)**

The composition of long term debt as of June 30, 2019 is as follows:

|                | <b>Balance</b>       |                  |                    | <b>Balance</b>       |
|----------------|----------------------|------------------|--------------------|----------------------|
|                | <b>July 01, 2018</b> | <b>Additions</b> | <b>Reductions</b>  | <b>June 30, 2019</b> |
| Bond Payable   | \$ 3,891,890         | \$ -             | \$ (49,404)        | \$ 3,842,486         |
| Capital Leases | 46,110               | -                | (17,192)           | 28,918               |
|                | <u>\$ 3,938,000</u>  | <u>\$ -</u>      | <u>\$ (66,596)</u> | <u>\$ 3,871,404</u>  |

**Note 6 – Deposits Policy and Credit Risk**

It is the School’s policy to maintain its cash and cash equivalents in major banks and in high grade investments. As of June 30, 2019, the carrying amount of the School’s deposits was \$937,473 and the respective bank balances totaled \$1,047,877.

Deposits at FDIC-insured institutions are insured up to \$250,000 per depositor, per financial institution. The School is a charter school under Odyssey Charter School, Inc. which also operates various other charter schools. All bank accounts are opened under the account ownership of Odyssey Charter School, Inc. therefore, bank balances at times may potentially be in excess of FDIC coverage. As of June 30, 2019, bank balances in potential excess of FDIC coverage totaled approximately \$1,050,000, including restricted funds.

**Note 7 – Interfund Transfers and Balances**

Interfund transfers are as follows:

|  | General Fund        | Special<br>Revenue<br>Fund | Debt<br>Service<br>Fund | Capital<br>Projects<br>Fund |
|--|---------------------|----------------------------|-------------------------|-----------------------------|
| To reimburse General Fund for prior period expenditures                  | \$ 1,381            | \$ (1,381)                 | \$ -                    | \$ -                        |
| To fund debt service fund for principal and interest payments            | (247,153)           | -                          | 247,153                 | -                           |
| Transfer interest income from Debt Service Fund to Capital Projects Fund | -                   | -                          | (848)                   | 848                         |
| Total Transfers, net   | <u>\$ (245,772)</u> | <u>\$ (1,381)</u>          | <u>\$ 246,305</u>       | <u>\$ 848</u>               |

Due from/(Due to) fund balances are as follows:

|   | General Fund     | Special<br>Revenue<br>Fund | Debt<br>Service<br>Fund | Capital<br>Projects<br>Fund |
|---|------------------|----------------------------|-------------------------|-----------------------------|
| Due to General Fund from Capital Projects Fund for capital outlay | \$ 22,042        | \$ -                       | \$ -                    | \$ (22,042)                 |
| Due to General Fund from Special Revenue Fund for Title I         | 37,239           | (37,239)                   | -                       | -                           |
| Due to General Fund from Special Revenue Fund for Title II        | 1,981            | (1,981)                    | -                       | -                           |
| Total Due from/(Due to)   | <u>\$ 61,262</u> | <u>\$ (39,220)</u>         | <u>\$ -</u>             | <u>\$ (22,042)</u>          |

## **Note 8 – Commitments, Contingencies and Concentrations**

### Contingencies and Concentrations

The School receives substantially all of its funding from the District under the Florida Education Finance Program (FEFP), which is based in part on a computation of the number of full-time equivalent (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 in decreases to future funding allocations. Additionally, the School receives various federal, state and local funds which is 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 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, errors and omissions and natural disasters for which the School carries commercial insurance. Settlement amounts have not exceeded insurance coverage in the past. In addition, there were no reductions in insurance coverage from those in the prior year.

## **Note 10 – Defined Contribution Retirement Plan**

The School sponsors a defined contribution plan for all full-time employees working 35 hours or more a week and who have been employed for at least one year. The plan permits voluntary contributions from employees, based on a salary reduction agreement, and provides a matching contribution up to 3% of the employee's compensation, after one year of employment. The School contributed to the Plan \$12,496 for the year ended June 30, 2019.

REQUIRED SUPPLEMENTARY INFORMATION

Odyssey Preparatory Academy  
(A charter school under Odyssey Charter School, Inc.)  
Statement of Revenues, Expenditures, and Changes in Fund Balance - General Fund  
For the year ended June 30, 2019

|  | General Fund    |              |              |
|--|-----------------|--------------|--------------|
|  | Original Budget | Final Budget | Actual       |
| <b>REVENUES</b>  |                 |              |              |
| State passed through local                                     | \$ 2,903,416    | \$ 2,910,725 | \$ 2,910,715 |
| Charges for services   | -               | -            | 30,680       |
| Other revenues   | 10,000          | 37,725       | 7,022        |
| Total Revenues   | 2,913,416       | 2,948,450    | 2,948,417    |
| <b>EXPENDITURES</b>  |                 |              |              |
| Current:   |                 |              |              |
| Instruction  | 1,395,076       | 1,500,750    | 1,501,321    |
| Student support services                                       | 500             | 6,075        | 6,069        |
| Instructional media services                                   | 22,540          | 17,000       | 17,188       |
| Instructional and curriculum development services              | -               | 500          | 412          |
| Instructional staff training services                          | 10,000          | 1,000        | 818          |
| Instructional related technology                               | 68,700          | 31,500       | 31,674       |
| School administration  | 727,946         | 743,500      | 743,781      |
| Fiscal services  | 48,564          | 41,000       | 41,128       |
| Pupil transportation services                                  | 122,000         | 125,000      | 122,362      |
| Operation of plant   | 37,365          | -            | -            |
| Maintenance of plant   | 23,500          | 7,000        | 7,191        |
| Community services   | -               | 35,000       | 35,946       |
| Total current expenditures                                     | 2,456,191       | 2,508,325    | 2,507,890    |
| Excess of revenues over current expenditures                   | 457,225         | 440,125      | 440,527      |
| Capital outlay:  |                 |              |              |
| Other capital outlay   | 37,151          | 28,750       | 28,750       |
| Total Capital outlay and debt service expenditures             | 37,151          | 28,750       | 28,750       |
| Total expenditures   | 2,493,342       | 2,537,075    | 2,536,640    |
| Excess/(Deficit) of revenues over expenditures                 | 420,074         | 411,375      | 411,777      |
| Other financing sources:                                       |                 |              |              |
| Repayment from other divisions of Odyssey Charter School, Inc. | 75,000          | 99,800       | 99,808       |
| Transfers in and (out)   | (285,000)       | (254,675)    | (245,772)    |
| Net change in fund balance                                     | 210,074         | 256,500      | 265,813      |
| Fund balance at beginning of year                              | 237,391         | 237,391      | 237,391      |
| Fund balance at end of year                                    | \$ 447,465      | \$ 493,891   | \$ 503,204   |

Notes to Budgetary Comparison Schedule

An annual budget is adopted on the modified accrual basis of accounting, consistent with generally accepted accounting principles. Amendments to the budget can only be made with the approval of the Board of Directors.

Odyssey Preparatory Academy  
(A charter school under Odyssey Charter School, Inc.)  
Statement of Revenues, Expenditures, and Changes in Fund Balance -Special Revenue Fund  
For the year ended June 30, 2019

|   | Special Revenue Fund |              |            |
|---|----------------------|--------------|------------|
|   | Original Budget      | Final Budget | Actual     |
| <b>REVENUES</b>                                   |                      |              |            |
| Federal sources                                   | \$ 266,740           | \$ 277,970   | \$ 277,971 |
| Federal lunch program                             | 230,000              | 297,975      | 297,974    |
| Charges for services                              | 12,000               | 17,675       | 17,668     |
| Total Revenues                                    | 508,740              | 593,620      | 593,613    |
| <b>EXPENDITURES</b>                               |                      |              |            |
| Current:  |                      |              |            |
| Instruction                                       | 98,580               | 123,675      | 123,673    |
| Student support services                          | 42,190               | 32,450       | 32,436     |
| Instructional and curriculum development services | 105,995              | 87,300       | 87,305     |
| Instructional staff training services             | 8,783                | 8,100        | 8,160      |
| Instructional related technology                  | 9,300                | 16,000       | 16,055     |
| Food services                                     | 242,000              | 314,275      | 314,261    |
| Pupil transportation services                     | 1,892                | 10,350       | 10,342     |
| Total current expenditures                        | 508,740              | 592,150      | 592,232    |
| Excess of revenues                                |                      |              |            |
| Over current expenditures                         | -                    | 1,470        | 1,381      |
| Capital outlay:                                   |                      |              |            |
| Other capital outlay                              | -                    | -            | -          |
| Total expenditures                                | 508,740              | 592,150      | 592,232    |
| Excess/(Deficit) of revenues over expenditures    | -                    | 1,470        | 1,381      |
| Other financing sources:                          |                      |              |            |
| Transfers in and (out)                            | -                    | (1,470)      | (1,381)    |
| Net change in fund balance                        | -                    | -            | -          |
| Fund balance at beginning of year                 | -                    | -            | -          |
| Fund balance at end of year                       | \$ -                 | \$ -         | \$ -       |

Notes to Budgetary Comparison Schedule

An annual budget is adopted on the modified accrual basis of accounting, consistent with generally accepted accounting principles. Amendments to the budget can only be made with the approval of the Board of Directors.



Odyssey Preparatory Academy  
(A charter school under Odyssey Charter School, Inc.)  
Statement of Revenues, Expenditures, and Changes in Fund Balance - Debt Service Fund  
For the year ended June 30, 2019

|  | Debt Service Fund |              |            |
|--|-------------------|--------------|------------|
|  | Original Budget   | Final Budget | Actual     |
| REVENUES   |                   |              |            |
| Other revenues                                     | \$ -              | \$ -         | \$ 798     |
| Total Revenues                                     | -                 | -            | 798        |
| EXPENDITURES                                       |                   |              |            |
| Current:   |                   |              |            |
| Instruction  | -                 | -            | -          |
| Total current expenditures                         | -                 | -            | -          |
| Excess of revenues                                 | -                 | -            | -          |
| Over current expenditures                          | -                 | -            | 798        |
| Capital outlay:                                    |                   |              |            |
| Other capital outlay                               | -                 | -            | -          |
| Debt service:                                      |                   |              |            |
| Repayment of principal                             | 85,000            | 75,500       | 66,596     |
| Interest   | 185,138           | 180,575      | 180,557    |
| Total Capital Outlay and Debt Service Expenditures | 270,138           | 256,075      | 247,153    |
| Excess/(Deficit) of revenues over expenditures     | (270,138)         | (256,075)    | (246,355)  |
| Other financing sources:                           |                   |              |            |
| Transfers in and (out)                             | 270,000           | 256,000      | 246,305    |
| Net change in fund balance                         | (138)             | (75)         | (50)       |
| Fund balance at beginning of year                  | 253,434           | 253,434      | 253,434    |
| Fund balance at end of year                        | \$ 253,296        | \$ 253,359   | \$ 253,384 |

Notes to Budgetary Comparison Schedule

An annual budget is adopted on the modified accrual basis of accounting, consistent with generally accepted accounting principles. Amendments to the budget can only be made with the approval of the Board of Directors.

Odyssey Preparatory Academy  
(A charter school under Odyssey Charter School, Inc.)  
Statement of Revenues, Expenditures, and Changes in Fund Balance - Capital Projects Fund  
For the year ended June 30, 2019

|                                   | Capital Projects Fund |              |            |
|-----------------------------------|-----------------------|--------------|------------|
|                                   | Original Budget       | Final Budget | Actual     |
| <b>REVENUES</b>                   |                       |              |            |
| State capital outlay funding      | \$ 193,800            | \$ 326,550   | \$ 326,546 |
| Other revenue                     | -                     | 650          | 687        |
| Total Revenues                    | 193,800               | 327,200      | 327,233    |
| <b>EXPENDITURES</b>               |                       |              |            |
| Current:                          |                       |              |            |
| Operation of plant                | 193,000               | 214,925      | 214,915    |
| Maintenance of plant              | -                     | 4,700        | 4,660      |
| Total current expenditures        | 193,000               | 219,625      | 219,575    |
| Excess of revenues                |                       |              |            |
| Over current expenditures         | 800                   | 107,575      | 107,658    |
| Capital outlay:                   |                       |              |            |
| Other capital outlay              | -                     | 106,975      | 106,972    |
| Total expenditures                | 193,000               | 326,600      | 326,547    |
| Excess of revenues                |                       |              |            |
| Over expenditures                 | 800                   | 600          | 686        |
| Other financing sources:          |                       |              |            |
| Transfers in/(out)                | -                     | 800          | 848        |
| Net change in fund balance        | 800                   | 1,400        | 1,534      |
| Fund balance at beginning of year | \$ 91,620             | \$ 91,620    | \$ 91,620  |
| Fund balance at end of year       | \$ 92,420             | \$ 93,020    | \$ 93,154  |

Notes to Budgetary Comparison Schedule

An annual budget is adopted on the modified accrual basis of accounting, consistent with generally accepted accounting principles. Amendments to the budget can only be made with the approval of the Board of Directors.



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  
Odyssey Preparatory Academy  
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 Odyssey Preparatory Academy (the "School") as of, and for the year ended June 30, 2019, 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, 2019.

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 to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

We issued a separate management letter dated August 30, 2019 pursuant to Chapter 10.850, Rules of the Auditor General.

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.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
August 30, 2019



## MANAGEMENT LETTER

Board of Directors of  
Odyssey Preparatory Academy  
Palm Bay, Florida

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

We have audited the financial statements of Odyssey Preparatory Academy as of and for the year ended June 30, 2019 and have issued our report thereon dated August 30, 2019.

### **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.

### **Other Reporting Requirements**

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in those reports and schedules, which are dated August 30, 2019, should be considered in conjunction with this management letter.

### **Prior Audit Findings**

Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.

There were no findings and recommendations made in the preceding annual financial audit report.

### **Official Title**

Section 10.854.(1)(e)5., Rules of the Auditor General, requires the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title and the school code assigned by the Florida Department of Education of the entity is Odyssey Preparatory Academy, 6541.

## **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 Odyssey Preparatory Academy has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identify the specific condition(s) met. In connection with our audit, we determined that Odyssey Preparatory Academy 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 Odyssey Preparatory Academy. It is management's responsibility to monitor Odyssey Preparatory Academy'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 recommendation to improve financial management. In connection with our audit, we did not have any such recommendations.

## **Transparency**

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

## **Additional Matters**

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

## **Purpose of this Letter**

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and Florida House of Representatives, the Florida Auditor General, School Board of Brevard County, 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.



Coral Gables, Florida  
August 30, 2019

CERTIFIED PUBLIC ACCOUNTANTS