

APALACHICOLA BAY CHARTER SCHOOL, INC.
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

SKELTON, BRYANT, BRYANT & SCARBORO, P.A.
CERTIFIED PUBLIC ACCOUNTANTS
TALLAHASSEE, FLORIDA

APALACHICOLA BAY CHARTER SCHOOL, INC.
TABLE OF CONTENTS
JUNE 30, 2020

Independent Auditor's Report	1 - 3
Management's Discussion and Analysis	4 - 10
Basic Financial Statements:	
School-wide Financial Statements:	
Statement of Net Assets	11
Statement of Activities	12
Fund Financial Statements:	
Balance Sheet - Governmental Funds	13
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	14
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	15
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances with the School-wide Statement of Activities	16
Fiduciary Fund:	
Statement of Fiduciary Net Assets	17
Notes to Financial Statements	18 - 29
Required Supplementary Information:	
Budgetary Comparison Schedule - General Fund	30
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 <i>Government Auditing Standards</i>	31 - 32
Management Letter	33 - 34

SKELTON, BRYANT, BRYANT & SCARBORO, P.A.

CERTIFIED PUBLIC ACCOUNTANTS
1320 THOMASWOOD DRIVE
TALLAHASSEE, FLORIDA 32308-7914
TELEPHONE (850) 386-1120
FAX (850) 386-7437
WWW.BRYANTCPA.COM

G. DON BRYANT, III, C.P.A.
WILLIAM W. M. BRYANT, C.P.A.
R. LEE SCARBORO, JR., C.P.A.
BENSON L. SKELTON, JR., C.P.A.

MEMBERS
AMERICAN INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS
FLORIDA INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS

August 20, 2020

To The Board of Directors
Apalachicola Bay Charter School, Inc.
Apalachicola, Florida

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Apalachicola Bay Charter School, Inc., a component unit of the Franklin County District School Board, as of and for the year ended June 30, 2020, 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. 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Apalachicola Bay Charter School, Inc. as of June 30, 2020, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 20, 2020, on our consideration of Apalachicola Bay Charter School, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and

not to provide an opinion on the effectiveness of the Apalachicola Bay Charter School, Inc.'s internal control over financial reporting and compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Apalachicola Bay Charter School, Inc.'s internal control over financial reporting and compliance.

Skelton, Bryant, Bryant & Scarborough, PA

Skelton, Bryant, Bryant & Scarborough, P.A.
Certified Public Accountants

APALACHICOLA BAY CHARTER SCHOOL, INC. MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the Apalachicola Bay Charter School, Inc. (the School) has prepared the following discussion and analysis to (a) assist the reader in focusing on significant financial issues; (b) provide an overview and analysis of the School's financial activities; (c) identify changes in the School's financial position; (d) identify material deviations from the approved budget; and (e) highlight significant issues in individual funds.

Because the information contained in the Management's Discussion and Analysis (MD&A) is intended to highlight significant transactions, events, and conditions, it should be considered in conjunction with the School's financial statements and notes to financial statements found on pages 11 through 29.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2019-20 fiscal year are as follows:

- Operating revenues exceeded expenses by \$215,276 in the current year, and cumulative net assets at June 30, 2020 increased to \$3,511,020.
- In May 2009 the School purchased the Chapman Elementary School building (Chapman) from the Franklin County School Board (the Sponsor) and it has become the School's permanent location. The facility, built in 1979, has been undergoing significant renovations, repair and maintenance in recent years. These activities occurred in the current fiscal year, and are expected to continue during the next few years. The land surrounding Chapman remains owned by the Sponsor and is leased to the School for 50 years. The former school campus has been dismantled, but is still owned by the School.
- As in recent fiscal years, the Sponsor approved allocating a portion of its Capital Outlay Tax Levy to help pay for the ongoing renovation of the Chapman Campus. The School received \$106,451 from the Sponsor this fiscal year. This revenue was used to complete the HVAC Cold Water Pipe replacement Project that began the previous year.
- The School has been awarded, with its Sponsor, a multi-year grant from Triumph Gulf Coast, Inc. The School's portion of the grant, \$235,000, is being used to construct and begin operations of a 1200 sq. ft. Technology Building. The School also has committed \$100,000 for construction of this addition. An architect has been hired by the School and preliminary plans are being reviewed in July 2020. The School intends to have completed plans and issue a request for bids to construct the building during 2020-21 school year.

NON-FINANCIAL HIGHLIGHTS

- Due to the Covid-19 pandemic, FLDOE canceled Florida's Standardized Assessments and announced that schools will not receive a letter grade for 2019-20 in a statement issued March 17, 2020.
- The school offers a Pre-K program, and a K-8th grade school. Average enrollment for the K-8th grade school increased to 365 children this year from 353 last year. The pre-K program had 20 students this year and 24 students the prior year.
- The School operates under a contract with its Sponsor. This contract is effective until June 30, 2029.

APALACHICOLA BAY CHARTER SCHOOL, INC. MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW OF THE FINANCIAL STATEMENTS

The basic financial statements consist of three components:

- School-wide financial statements.
- Fund financial statements.
- Notes to financial statements.

In addition, this report presents certain required supplementary information, which includes management's discussion and analysis and budgetary comparison schedules.

School-Wide Financial Statements

The school-wide financial statements provide both short-term and long-term information about the School's overall financial condition in a manner similar to those of a private-sector business. The statements include a statement of net assets and a statement of activities that are designed to provide consolidated financial information about the governmental activities of the School presented on the accrual basis of accounting. The statement of net assets provides information about the School's financial position, its assets and liabilities, using an economic resources measurement focus. The difference between the assets and liabilities, the net assets, is a measure of the financial health of the School. The statement of activities presents information about the change in the School's net assets, and its results of operations during the fiscal year. An increase or decrease in net assets is an indication of whether the School's financial health is improving or deteriorating. This information should be evaluated in conjunction with other non-financial factors, such as changes in student enrollment.

Fund Financial Statements

Fund financial statements are one of the components of the basic financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements and prudent fiscal management. Certain funds are established by law, while others are created by legal agreements. Fund financial statements provide more detailed information about the School's financial activities, focusing on its most significant or "major" funds rather than fund types. This is in contrast to the entity-wide perspective contained in the school-wide statements. All of the School's funds may be classified within one of two broad categories as discussed below.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the school-wide financial statements. However, the governmental funds utilize a spendable financial resources measurement focus rather than the economic resources measurement focus found in the school-wide financial statements. The financial resources measurement focus allows the governmental fund statements to provide information on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year.

**APALACHICOLA BAY CHARTER SCHOOL, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Governmental Funds (continued)

The governmental fund statements provide a detailed short-term view that may be used to evaluate the School's near-term financing requirements. This short-term view is useful when compared to the long-term view presented as governmental activities in the school-wide financial statements. To facilitate this comparison, both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation of governmental funds to governmental activities.

The governmental funds balance sheet and statement of revenues, expenditures, and changes in fund balances provide detailed information about the School's most significant funds. The School's major funds are the General Fund and Capital Projects Fund. Data from the other governmental funds are combined into a single, aggregated presentation.

The School adopts an annual appropriated budget for its governmental funds. Budgetary comparison schedules have been provided to demonstrate compliance with the budget.

Fiduciary Funds

Fiduciary funds are used to report assets held in a trustee or fiduciary capacity for the benefit of external parties, such as student activity funds. Fiduciary funds are not reflected in the school-wide statements because the resources are not available to support the School's own programs. In its fiduciary capacity, the School is responsible for ensuring that the assets reported in these funds are used only for their intended purposes.

Notes to Financial Statements

The notes provide additional information that is essential for a full understanding of the data provided in the school-wide and fund financial statements.

**APALACHICOLA BAY CHARTER SCHOOL, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS**

SCHOOL-WIDE FINANCIAL ANALYSIS

This section is used to present condensed financial information from the school-wide statements that compare the current year to the prior year.

Statement of Net Assets

Net assets may serve over time as a useful indicator of a government's financial position. The following is a summary of the School's net assets as of June 30, 2020 and 2019:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
<i>Total Assets are comprised of the following elements:</i>		
Current Assets	\$ 1,716,025	\$ 2,037,709
Noncurrent Assets	<u>2,113,630</u>	<u>1,740,603</u>
Total Assets	<u>\$ 3,829,655</u>	<u>\$ 3,778,312</u>
<i>Total Liabilities are comprised of the following elements:</i>		
Current Liabilities	\$ 218,661	\$ 393,372
Noncurrent Liabilities	<u>99,974</u>	<u>89,196</u>
Total Liabilities	<u>\$ 318,635</u>	<u>\$ 482,568</u>
<i>Total Net Assets are comprised of the following elements:</i>		
Invested in Capital Assets	\$ 2,089,610	\$ 1,714,184
Restricted Assets	115,980	63,302
Unrestricted Assets	<u>1,305,430</u>	<u>1,518,258</u>
Total Net Assets	<u>\$ 3,511,020</u>	<u>\$ 3,295,744</u>

- The School's overall financial position improved by \$215,276 this year as noted on the next page showing operating revenues exceeding expenditures.
- Current assets decreased as available cash was used to pay for the noncurrent asset additions described below.
- Noncurrent assets at June 30, 2020 increased with the completion of the HVAC Cold Water Piping Project and the purchase of a new Blue Bird 71 passenger bus.

**APALACHICOLA BAY CHARTER SCHOOL, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS**

SCHOOL-WIDE FINANCIAL ANALYSIS (continued)

Statement of Net Assets (continued)

The key elements of the increase in the School's net assets for the fiscal years ended June 30, 2020 and 2019 are as follows:

	Operating Results for the Fiscal Year Ended	
	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Program Revenues:		
Operating Grants and Contributions	\$ 365,832	\$ 279,353
Capital Grants and Contributions	336,393	312,410
General Revenues:		
Grants and Contributions Not Restricted to Specific Programs	2,957,823	2,924,557
Investment Earnings	27,043	29,366
Special Items:		
Donated labor - professional services	60,004	66,480
Donated value of land usage	9,000	9,000
(Loss) on disposal of fixed assets	(964)	(13,195)
Total Revenues	<u>3,755,131</u>	<u>3,607,971</u>
Functions/Program Expenses:		
Instruction and Instruction Related Services	2,293,884	2,243,684
General Administration – Board	3,746	4,539
School Administration	632,269	580,307
Facilities Acquisition and Construction	7,795	17,022
Fiscal Services	63,114	59,678
Pupil Transportation Services	67,417	52,414
Operation of Plant	288,174	252,509
Maintenance of Plant	182,670	194,059
Interest on Long-Term Debt	786	965
Total Functions/Program Expenses	<u>3,539,855</u>	<u>3,405,177</u>
Increase in Net Assets	<u>\$ 215,276</u>	<u>\$ 202,794</u>

- Operating Grants and Contributions increased \$86,479 compared to last year primarily because of the Hurricane Restart Grant, increased funding for Title Grants, and IDEA.
- School Administration increased this year, in part, due to hiring an assistant in the Finance Department. In addition, certain personnel in this function have increased their administrative activities to effectively manage the School. Also, increased salaries and benefits for present personnel occurred this year.

**APALACHICOLA BAY CHARTER SCHOOL, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS**

SCHOOL-WIDE FINANCIAL ANALYSIS (continued)

Statement of Net Assets (continued)

- Operation of Plant increased primarily due to operating the facility with a full custodial staff and an increase in property insurance.
- Donated labor – professional services is discussed in Note 11 to Financial Statements (see page 29).

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

This section provides an analysis of the balances and transactions of the individual funds. The analysis addresses the reasons for significant changes in fund balances and the effect of the availability of fund resources for future use.

- **General Fund.** See General Fund Budgetary Highlights Section below.
- **Capital Projects Fund.** Capital outlay monies have been primarily used for maintenance, renovation, and repair of Chapman, fixed asset additions, and debt service.
- **Other Governmental Funds.** This category consists of all funds that have been determined to be non-major funds according to Governmental Accounting Standards Board Statement No. 34. These funds may move in and out of this non-major status depending on the dollar value of activities in any one year. Examples of funds contained in this group are Special Revenue Funds received for Title I and Individuals with Disabilities Education Act.

GENERAL FUND BUDGETARY HIGHLIGHTS

Operations in the General Fund were positive this year, and a year ago. In the current year, actual operating revenues were \$36,016 under budget and actual operating expenditures were under budget by \$239,262. The total actual revenues exceeded total actual expenditures by \$160,825 before the transfer out to Capital Outlay. See page 30 for further detail.

CAPITAL ASSETS AND DEBT ADMINISTRATION

For detailed information on the School's investment in capital assets and related long-term debt obligations, refer to Notes 2 and 4 of the accompanying financial statements.

**APALACHICOLA BAY CHARTER SCHOOL, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS**

SIGNIFICANT ECONOMIC FACTORS

- **Student Enrollment and Funding** - Revenues from the State for current operations are primarily from the Florida Education Finance Program administered by the Florida Department of Education (Department) under the provisions of Section 236.081, Florida Statutes. In accordance with this law, the School determines and reports the number of full-time equivalent (FTE) students and related data to the Department. The Department establishes a per student funding formula each year, and the School receives revenues based on its actual student attendance during the year.
- **Capital Outlay Funding** – In addition to the operating funds discussed under student enrollment, the School annually receives funding for eligible capital outlay projects, including debt service, from State revenue.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Apalachicola Bay Charter School, Inc.'s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Business Manager, Apalachicola Bay Charter School, Inc., 98 12th Street, Apalachicola, Florida.

APALACHICOLA BAY CHARTER SCHOOL, INC.
STATEMENT OF NET ASSETS
JUNE 30, 2020

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 380,789
Certificates of deposit	1,252,569
Interest receivable on investments	4,046
Prepaid expenses	78,621
Capital assets, net	<u>2,113,630</u>
TOTAL ASSETS	<u>3,829,655</u>
 <u>LIABILITIES</u>	
Salaries, benefits, and payroll taxes payable	128,600
Accounts payable	59,689
Deferred revenues	30,372
Noncurrent liabilities:	
Portion due within one year:	
Liability for compensated absences	37,977
Notes payable	24,020
Portion due after one year:	
Liability for compensated absences	<u>37,977</u>
TOTAL LIABILITIES	<u>318,635</u>
 <u>NET ASSETS</u>	
Invested in capital assets, net of related debt	2,089,610
Restricted for:	
School mental health and safe school programs	115,980
Unrestricted	<u>1,305,430</u>
TOTAL NET ASSETS	<u>\$ 3,511,020</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

APALACHICOLA BAY CHARTER SCHOOL, INC.
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Expenses			
<u>FUNCTIONS/PROGRAMS</u>			
Governmental activities:			
Instruction and instruction related services	\$ (2,293,884)	\$ 365,832	\$ -
General administration - Board	(3,746)	-	(3,746)
School administration	(632,269)	-	(632,269)
Facilities acquisition and construction	(7,795)	-	7,795
Fiscal services	(63,114)	-	-
Pupil transportation services	(67,417)	-	-
Operation of plant	(288,174)	-	49,363
Maintenance of plant	(182,670)	-	278,449
Interest on long-term debt	(786)	-	786
	<u>\$ (3,539,855)</u>	<u>\$ 365,832</u>	<u>\$ 336,393</u>
Total governmental activities	<u>\$ (3,539,855)</u>	<u>\$ 365,832</u>	<u>\$ 336,393</u>
GENERAL REVENUES:			
Grants and contributions not restricted to specific purposes			2,957,823
Investment earnings			27,043
SPECIAL ITEMS:			
Donated labor - professional services			60,004
Donated value of land usage			9,000
(Loss) on disposal of fixed assets			(964)
			<u>3,052,906</u>
CHANGE IN NET ASSETS			
			215,276
NET ASSETS - BEGINNING OF YEAR			
			<u>3,295,744</u>
NET ASSETS - END OF YEAR			
			<u>\$ 3,511,020</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

APALACHICOLA BAY CHARTER SCHOOL, INC.
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

	General Fund	Capital Projects- Public Education Capital Outlay Fund	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>				
Cash and cash equivalents	\$ 350,417	\$ -	\$ 30,372	\$ 380,789
Certificates of deposit	1,252,569	-	-	1,252,569
Interest receivable on investments	4,046	-	-	4,046
Prepaid expenses	78,621	-	-	78,621
TOTAL ASSETS	\$ 1,685,653	\$ -	\$ 30,372	\$ 1,716,025
<u>LIABILITIES AND FUND BALANCES</u>				
<u>LIABILITIES</u>				
Salaries, benefits and payroll taxes payable	\$ 128,600	\$ -	\$ -	\$ 128,600
Accounts payable	59,689	-	-	59,689
Deferred revenues	-	-	30,372	30,372
TOTAL LIABILITIES	188,289	-	30,372	218,661
<u>FUND BALANCES</u>				
Restricted	115,980	-	-	115,980
Unassigned	1,381,384	-	-	1,381,384
TOTAL FUND BALANCES	1,497,364	-	-	1,497,364
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,685,653	\$ -	\$ 30,372	\$ 1,716,025

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

APALACHICOLA BAY CHARTER SCHOOL, INC.
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2020

TOTAL FUND BALANCE - GOVERNMENTAL FUNDS \$ 1,497,364

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES
IN THE STATEMENT OF NET ASSETS ARE DIFFERENT
BECAUSE:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$3,091,377 and the accumulated depreciation is \$(977,747). 2,113,630

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds. Long-term liabilities at year end consist of:

Liability for compensated absences	\$	(75,954)	
Notes payable		<u>(24,020)</u>	<u>(99,974)</u>

TOTAL NET ASSETS - GOVERNMENTAL ACTIVITIES \$ 3,511,020

APALACHICOLA BAY CHARTER SCHOOL, INC.
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	General Fund	Capital Projects - Public Education Capital Outlay Fund	Other Governmental Funds	Total Governmental Funds
<u>REVENUES:</u>				
Intergovernmental:				
Florida education finance program	\$ 2,918,339	\$ 20,000	\$ -	\$ 2,938,339
Capital outlay funds	-	336,393	-	336,393
Federal through state	-	-	203,970	203,970
State through local	161,863	-	-	161,863
Local	19,484	-	-	19,484
Interest income	27,043	-	-	27,043
	TOTAL REVENUES	356,393	203,970	3,687,092
<u>EXPENDITURES:</u>				
Current:				
Instruction and instruction related services	1,945,848	-	203,970	2,149,818
General administration - Board	3,746	-	-	3,746
School administration	528,695	-	-	528,695
Fiscal services	63,114	-	-	63,114
Pupil transportation services	67,270	-	-	67,270
Operation of plant	238,811	49,363	-	288,174
Maintenance of plant	43,990	137,420	-	181,410
Debt service:				
Principal	-	2,400	-	2,400
Interest	-	786	-	786
Capital outlay	74,430	474,222	-	548,652
	TOTAL EXPENDITURES	664,191	203,970	3,834,065
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	160,825	(307,798)	-	(146,973)
<u>OTHER FINANCING SOURCES (USES):</u>				
Transfers in	-	543,573	-	543,573
Transfers out	(543,573)	-	-	(543,573)
	TOTAL OTHER FINANCING SOURCES (USES)	543,573	-	-
NET CHANGE IN FUND BALANCES	(382,748)	235,775	-	(146,973)
FUND BALANCES - BEGINNING OF YEAR	1,880,112	(235,775)	-	1,644,337
FUND BALANCES - END OF YEAR	\$ 1,497,364	\$ -	\$ -	\$ 1,497,364

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

**APALACHICOLA BAY CHARTER SCHOOL, INC.
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES WITH THE
SCHOOL-WIDE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ (146,973)

**AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE
STATEMENT OF ACTIVITIES ARE DIFFERENT BECAUSE:**

Capital outlays to purchase or build/renovate capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of activities and allocated over their estimated useful lives as annual depreciation expense. This is the amount by which capital outlay exceeds depreciation in the current period.

Capital outlay	\$ 547,306	
Depreciation expense	<u>(173,316)</u>	373,990

In the statement of activities, the loss on disposal of fixed assets is reported, but has no impact on the governmental funds. (964)

The accrual of compensated absences is not an expenditure in governmental funds, as no amounts were actually paid. However, for governmental activities, the cost of compensated absences is measured by the amounts earned during the year. This amount reflects the net adjustment to the compensated absences accrual at June 30, 2020. (13,177)

Repayment of mortgage and note principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net assets and does not affect the statement of activities. 2,400

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 215,276

APALACHICOLA BAY CHARTER SCHOOL, INC.
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2020

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ <u>32,928</u>
NET ASSETS	
Assets held in trust for student activities	\$ <u>32,928</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

APALACHICOLA BAY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Apalachicola Bay Charter School, Inc. conform to generally accepted accounting principles as applicable to school districts. The following is a summary of the significant accounting policies:

Reporting Entity – Apalachicola Bay Charter School, Inc., (the School), was created on July 1, 2001, to operate as a charter school under Florida Statute 228.056. As required by Florida Statute 228.056, the School operates as a nonprofit organization. The School is approved for nonprofit status under Section 501(c)(3) of the Internal Revenue Code.

The School presently maintains a charter with the Franklin County District School Board (the Sponsor) to provide an educational program for elementary and middle school students in grades pre - kindergarten through eight. The School receives a majority of its funding through the Sponsor based on a formula of student attendance, which is identical to that of other Franklin County public schools. The current charter is effective until June 30, 2029. At the end of the term of the charter, the Sponsor may choose not to renew the charter based on grounds specified in the charter. With just cause, the Sponsor is required to notify the School in writing, at least 90 days prior to the charter's expiration. During the term of the charter, the Sponsor may also terminate a charter if good cause is shown. The Apalachicola Bay Charter School, Inc. is considered a component unit of the Franklin County District School Board.

Basis of Presentation – Although the School is a nonprofit corporation, these financial statements are presented using the governmental reporting model. This treatment is required by generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board, due to the nature of the School and the potential for unilateral dissolution by the Sponsor.

The School's basic financial statements consist of school-wide statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

School-wide Financial Statements – The statement of net assets and the statement of activities display information about the School as a whole. These statements include the financial activities of the School, except for fiduciary funds.

The statement of net assets presents the financial condition of the governmental activities of the School at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants, and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues, which are not classified as program revenues are presented

APALACHICOLA BAY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

School-wide Financial Statements (continued) – as general revenues of the School. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School.

Fund Financial Statements – During the year, the School segregates transactions related to certain School functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

Fund Accounting – The School uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

Governmental Funds – Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the School's governmental funds:

General Fund – The General Fund is used to account for and report all financial resources not accounted for and reported in another fund. It is the primary operating fund of the School.

Special Revenue Funds – Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Capital Projects Funds – Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities, certain facility maintenance expenses, and other permitted expenses.

Additionally, the School reports the following fiduciary fund type:

Agency Funds – Agency Funds are used to account for the resources of the School's internal funds, which are used to administer monies collected in connection with School student athletic, class and club activities.

APALACHICOLA BAY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental Fund Balance Reporting – The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54). This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories as follows:

- *Nonspendable*, such as fund balance associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned),
- *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,
- *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 (the School's highest level of decision-making authority),
- *Assigned* fund balance classification are intended to be used by the School for specific purposes but do not meet the criteria to be classified as restricted or committed, and
- *Unassigned* fund balance is the residual classification for the School's general fund and includes all spendable amounts not contained in the other classifications.

Measurement Focus

School-wide Financial Statements – The school-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the School are included on the statement of net assets.

Fund Financial Statements – All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the school-wide statements and the statements for governmental funds.

APALACHICOLA BAY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Accounting – Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. School-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues – On the accrual basis, revenue is recognized when earned. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For this purpose, the School considers revenues to be available if they are collected within ninety days of the end of the current fiscal year.

Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, and expenditure requirements, in which the resources are provided to the School on a reimbursement basis. Revenue from grants, entitlements and donations that have not satisfied all eligibility requirements are deferred.

Expenses/Expenditures – On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

Cash and Cash Equivalents – The School considers all highly liquid investments with a maturity of three months or less when purchased to be cash and cash equivalents. Cash equivalents includes money market accounts as the School may deposit additional funds at any time, and withdraw funds at any time without penalty.

Certificates of Deposit – The School owns certificates of deposit at a local financial institution and through a brokerage account as authorized by the Board of Directors. Maturities range from three months to five years. The certificates of deposit are carried at cost. The difference between cost and market value is insignificant.

APALACHICOLA BAY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Accounting (continued)

Capital Assets – General capital assets result from expenditures in the governmental fund. These assets are reported in the government-wide statement of net assets but are not reported in the governmental fund financial statements.

Capital assets are defined by the School as assets with an initial individual cost of \$750 or more and an estimated useful life in excess of one year. Capital assets are capitalized at historical cost or estimated historical cost and updated for additions and retirements during the year. Donated assets are recorded at fair value at the date of donation. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed.

All reported capital assets except land and land improvements are depreciated. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Improvements other than buildings	15 – 30 years
Buildings and fixed equipment	15 – 50 years
Furniture and equipment	5 years
Library books	3 – 5 years
Motor vehicles	5 – 10 years
Computer software	5 years

Accumulated Compensated Absences – The School's employees accumulate ten days of sick leave per service period year, and three days of annual leave per service period year. Unused annual and sick leave, up to five days, may be carried over to the next year up to a maximum total of twenty days. Unused annual and sick leave are not paid upon employee termination. All vacation and sick leave is accrued when incurred in the school-wide financial statements.

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

APALACHICOLA BAY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Accounting (continued)

State Revenue Sources (continued)

The School may receive federal, state or private awards for the enhancement of various educational programs. This assistance is generally received based on applications submitted to and approved by various granting agencies. For 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.

The School also receives State revenues under the Public Education Capital Outlay (PECO) program.

A schedule of FEFP revenue from State sources for the current year is presented in a subsequent note.

Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Budgets – The School is required by the contract with the Sponsor to adopt annual budgets for the General Fund, Special Revenue Fund, and Capital Projects Fund. Each budget is presented on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America (GAAP). The legal level of budgetary control is the fund level. Budgets may be amended by the School's Board of Directors. In instances where budget appropriations and estimated revenues have been revised during the year, budget data presented in the required supplemental information represents both the original budget and final authorized amounts. Unused appropriations for all annually budgeted funds lapse at the end of the year.

A comparison of actual results of operations to the budgeted amounts for the General Fund is presented as Required Supplementary Information.

APALACHICOLA BAY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 2: CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2020 is as follows:

	<u>Balance</u> <u>June 30, 2019</u>	<u>Additions</u>	<u>Disposals</u> <u>& Adjustments</u>	<u>Balance</u> <u>June 30, 2020</u>
Nondepreciable capital assets:				
Land	\$ 331,400	\$ -	\$ -	\$ 331,400
Land improvements-nondepreciable	29,544	-	-	29,544
Construction in progress	<u>324,962</u>	<u>-</u>	<u>(324,962)</u>	<u>-</u>
Total nondepreciable	<u>685,906</u>	<u>-</u>	<u>(324,962)</u>	<u>360,944</u>
Depreciable capital assets:				
Building and improvements	1,074,657	688,988	-	1,763,645
Improvements other than building	164,539	8,940	(1,515)	171,964
Motor vehicles	166,293	108,445	-	274,738
Library books	12,842	-	-	12,842
Furniture, fixtures and equipment	470,397	61,275	(33,173)	498,499
Computer software	<u>11,676</u>	<u>4,620</u>	<u>(7,551)</u>	<u>8,745</u>
Total at cost	<u>1,900,404</u>	<u>872,268</u>	<u>(42,239)</u>	<u>2,730,433</u>
Less accumulated depreciation and amortization:				
Building and improvements	(371,045)	(91,283)	-	(462,328)
Improvements other than building	(46,908)	(11,655)	1,187	(57,376)
Motor vehicles	(143,868)	(6,815)	-	(150,683)
Library books	(12,842)	-	-	(12,842)
Furniture, fixtures and equipment	(262,390)	(61,185)	33,061	(290,514)
Computer software	<u>(8,653)</u>	<u>(2,378)</u>	<u>7,027</u>	<u>(4,004)</u>
Total accumulated depreciation and amortization	<u>(845,706)</u>	<u>(173,316)</u>	<u>41,275</u>	<u>(977,747)</u>
Depreciable capital assets, net of accumulated depreciation	<u>1,054,698</u>	<u>698,952</u>	<u>(964)</u>	<u>1,752,686</u>
Government Activities				
Capital Assets, Net	<u>\$ 1,740,604</u>	<u>\$ 698,952</u>	<u>\$ (325,926)</u>	<u>\$ 2,113,630</u>

Depreciation and amortization for the fiscal year ended June 30, 2020, were charged to governmental functions as follows:

Instruction and instruction related services	\$ 133,634
School administration	32,867
Pupil transportation services	<u>6,815</u>
	<u>\$ 173,316</u>

APALACHICOLA BAY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 3: INTERFUND TRANSFERS

The following is a summary of interfund transfers reported in the governmental fund financial statements:

Funds:	Interfund	
	Transfers In	Transfers Out
Major Funds:		
General	\$ -	\$ 543,573
Capital Projects:		
Public Education Capital Outlay	543,573	-
Total	\$ 543,573	\$ 543,573

The above interfund transfers to the Capital Outlay Fund from the General Fund were to supplement funding for capital outlay expenditures.

APALACHICOLA BAY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 4: LONG-TERM OBLIGATIONS

The following is a summary of long-term obligations for the School for the year ending June 30, 2020:

Line of Credit – The School has a business line of credit with a local bank in an amount up to \$100,000, with a maturity date of December 6, 2021. Monthly payments of interest are required. Interest is calculated at an annual interest rate of 3.05%. Monthly principal payments prior to maturity are at the option of the School. In the promissory note agreement, the lender has the right to demand repayment prior to the scheduled maturity date. The line of credit is secured by a certificate of deposit.

The School does not expect the bank to exercise its demand option under this financing agreement. However, should the bank demand early repayment, the line of credit will be fully paid by the certificate of deposit that collateralizes the line of credit.

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Retirements</u> <u>& Payments</u>	<u>Balance</u> <u>June 30, 2020</u>	<u>Due Within</u> <u>One Year</u>
Line of Credit-					
Centennial Bank	\$ 26,420	\$ -	\$ (2,400)	\$ 24,020	\$ 24,020
Total Long-term Liabilities	<u>\$ 26,420</u>	<u>\$ -</u>	<u>\$ (2,400)</u>	<u>\$ 24,020</u>	<u>\$ 24,020</u>

The debt requirements for outstanding long-term debt at June 30, 2020 are as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	<u>\$ 24,020</u>	<u>\$ 733</u>	<u>\$ 24,753</u>

APALACHICOLA BAY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 5: SCHEDULE OF STATE FEFP REVENUE SOURCES

The following is a schedule of the School's state revenues for the 2019-2020 fiscal year:

<u>Source</u>	
Florida Education Finance Program	\$ 1,584,490
ESE Guaranteed	73,234
Supplemental Academic Instruction	80,559
Sparsity Supplement	20,112
Discretionary Local Effort	460,874
Discretionary Lottery	343
Safe Schools Allocation	95,478
Instructional Materials Allocation	27,135
Digital Classrooms Allocation	73,753
Mental Health Assistance Allocation	38,149
Teachers Lead	6,702
Student Transportation	25,515
Class Size Reduction	403,390
Reading Allocation	47,996
Declining Enrollment	<u>609</u>
Total	<u>\$ 2,938,339</u>

These funds were distributed as follows:

General Fund	\$ 2,918,339
Capital Outlay Fund (pursuant to state statutes)	<u>20,000</u>
	<u>\$ 2,938,339</u>

NOTE 6: DEFINED CONTRIBUTION PLAN

The School is a single employer that contributes to the Apalachicola Bay Charter School, Inc. 401(K) Profit Sharing Plan (Plan), which is a defined contribution plan. There are two components to the Plan. Each year the School determines the percentage, up to 5%, that it will contribute under each component of the plan.

The 401(K) component of this plan covers all eligible school employees. Eligible employees may elect to contribute up to 5% of gross salaries to the Plan. In the current fiscal year, the School matched up to 5% of the employee's salary with immediate vesting. At June 30, 2020, there were 36 Plan members participating in the 401(K) component.

APALACHICOLA BAY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 6: DEFINED CONTRIBUTION PLAN (continued)

The profit-sharing component of this Plan covers the School's full-time teachers and certain administrative positions. In the current fiscal year, the School contributed 5% of the eligible employee's salary to the Plan. At June 30, 2020, there were 28 Plan members participating in the profit-sharing component.

School contributions to the Plan for the fiscal years ended June 30, 2018 through 2020 were \$129,964, \$125,451, and \$128,007 respectively.

NOTE 7: DEPOSIT CONCENTRATIONS

The School has deposits at various financial institutions and a brokered certificates of deposit account. All cash deposits and individual certificates of deposit are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 for each institution. As of June 30, 2020, the School's uninsured cash deposits were \$150,604.

NOTE 8: SIGNIFICANT FUNDING SOURCES

A substantial amount of the School's funding is received from State and Federal Sources. The State transmits this funding to the Sponsor, which then remits it to the School. The School also is sharing in its Sponsor's Capital Outlay tax levy and is using its share to help pay for the Chapman School renovations. A significant reduction in the level of any of this funding, if this were to occur, could have an adverse effect on the School's programs and activities.

NOTE 9: RISK MANAGEMENT

The School is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The School has purchased various insurance policies to safeguard its assets from risk of loss. Insurance coverage is consistent with previous years. The School does not sponsor a public entity risk pool. There have been no insurance settlements in the past three fiscal years.

NOTE 10: RELATED PARTIES

The School is considered a component unit of the Sponsor.

In May, 2009, the Sponsor sold the Chapman building and land underneath the building (Chapman) to the School. The warranty deed includes a reversion clause. In the event the School is dissolved, or the property is used for other than a classroom facility, Chapman would be deeded back to the Sponsor. The School is prohibited from mortgaging or encumbering the property without the written consent of the Sponsor.

In May, 2009 the Sponsor initiated a land lease with the School for the 2.67 acres of vacant land surrounding Chapman. The term of the lease is for a period of fifty years, and the School has an option to renew the lease for an additional fifty years.

APALACHICOLA BAY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 10: RELATED PARTIES (continued)

The cumulative rent for the entire term of the lease is \$50. The School has determined the fair value of the land lease at \$9,000 per year.

The Sponsor retains the right to cancel the lease and remove any property added by the School, and reimburse the School for the fair market value of any permanent improvements made to the property.

Food services are provided to the School's students by the Sponsor daily at no cost. All students qualify for free meals under the National School Lunch Act program (NSLA). The Sponsor provides the food, equipment, and personnel to the School and collects any lunch monies related to the program from the NSLA.

NOTE 11: DONATED SERVICES

School health and vision services are provided to the School under a contract between the State of Florida, Department of Health, Franklin County Health Department (DOH-Franklin) and the Sponsor. The School is provided a full-time Licensed Practical Nurse and a part-time School Health Coordinator. The value of the donated professional services is determined based on the annual salary and benefits of the nursing professionals provided to the School and are valued at \$66,480.

NOTE 12: INCOME TAXES

The School operates as a 501(c)(3) non-profit organization in good standing. The School annually files the required income tax Form 990 for non-profit entities. The School does not have any for-profit activities. In the opinion of management, the School is in compliance with all non-profit operating and reporting requirements under Section 501(c)(3).

NOTE 13: SUBSEQUENT EVENTS

On December 31, 2019, the first cases of what would become the COVID-19 virus were reported in China. Since then the virus has spread across the globe and has been declared a global pandemic by the World Health Organization. The School continues to monitor the situation and take appropriate measures as necessary. The School is commencing operations this month with a hybrid model for students. The students can elect classes in person or through a virtual system. Based on current information from the Florida Department of Education (FLDOE), the School does not believe the assessed impact to be material to the financial position of the School.

The School has evaluated whether there were any other subsequent events to be reported through August 20, 2020, which is the date the financial statements were distributed. There were no other subsequent events to be reported.

APALACHICOLA BAY CHARTER SCHOOL, INC.
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>(GAAP BASIS)</u>	<u>WITH</u>
				<u>FINAL</u>
				<u>BUDGET –</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
<u>REVENUES:</u>				
Intergovernmental:				
Florida education finance program	\$ 2,944,415	\$ 2,944,415	\$ 2,918,339	\$ (26,076)
State through local	105,880	105,880	161,863	55,983
Local	83,450	83,450	19,484	(63,966)
Interest income	29,000	29,000	27,043	(1,957)
	<u>3,162,745</u>	<u>3,162,745</u>	<u>3,126,729</u>	<u>(36,016)</u>
TOTAL REVENUES				
<u>EXPENDITURES:</u>				
Current:				
Instruction and instruction related services	2,036,696	2,036,696	1,945,848	90,848
General administration - Board	4,380	4,380	3,746	634
School administration	661,900	661,900	528,695	133,205
Fiscal services	65,260	65,260	63,114	2,146
Pupil transportation services	74,555	74,555	67,270	7,285
Operation of plant	259,485	259,485	238,811	20,674
Maintenance of plant	54,500	54,500	43,990	10,510
Capital outlay	48,390	48,390	74,430	(26,040)
	<u>3,205,166</u>	<u>3,205,166</u>	<u>2,965,904</u>	<u>239,262</u>
TOTAL EXPENDITURES				
EXCESS OF REVENUES OVER EXPENDITURES	(42,421)	(42,421)	160,825	203,246
<u>OTHER FINANCING SOURCES (USES):</u>				
Transfers out	-	-	(543,573)	(543,573)
NET CHANGE IN FUND BALANCES	(42,421)	(42,421)	(382,748)	(340,327)
FUND BALANCES - BEGINNING OF YEAR	1,880,112	1,880,112	\$ 1,880,112	-
FUND BALANCES - END OF YEAR	<u>\$ 1,837,691</u>	<u>\$ 1,837,691</u>	<u>\$ 1,497,364</u>	<u>\$ (340,327)</u>

SKELTON, BRYANT, BRYANT & SCARBORO, P.A.

CERTIFIED PUBLIC ACCOUNTANTS
1320 THOMASWOOD DRIVE
TALLAHASSEE, FLORIDA 32308-7914
TELEPHONE (850) 386-1120
FAX (850) 386-7437
WWW.BRYANTCPA.COM

G. DON BRYANT, III, C.P.A.
WILLIAM W. M. BRYANT, C.P.A.
R. LEE SCARBORO, JR., C.P.A.
BENSON L. SKELTON, JR., C.P.A.

MEMBERS
AMERICAN INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS
FLORIDA INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS

August 20, 2020

To The Board of Directors
Apalachicola Bay Charter School, Inc.
Apalachicola, Florida

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

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, each major fund, and the aggregate remaining fund information of Apalachicola Bay Charter School, Inc. as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Apalachicola Bay Charter School, Inc.'s basic financial statements and have issued our report thereon dated August 20, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Apalachicola Bay Charter School, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Apalachicola Bay Charter School, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Apalachicola Bay Charter School, Inc.'s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 considered 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 Apalachicola Bay Charter School, Inc.'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*.

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.

Skelton, Bryant, Bryant & Scarborough, P.A.

Skelton, Bryant, Bryant & Scarborough, P.A.
Certified Public Accountants

SKELTON, BRYANT, BRYANT & SCARBORO, P.A.

CERTIFIED PUBLIC ACCOUNTANTS
1320 THOMASWOOD DRIVE
TALLAHASSEE, FLORIDA 32308-7914
TELEPHONE (850) 386-1120
FAX (850) 386-7437
WWW.BRYANTCPA.COM

G. DON BRYANT, III, C.P.A.
WILLIAM W. M. BRYANT, C.P.A.
R. LEE SCARBORO, JR., C.P.A.
BENSON L. SKELTON, JR., C.P.A.

MEMBERS
AMERICAN INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS
FLORIDA INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS

August 20, 2020

To The Board of Directors
Apalachicola Bay Charter School, Inc.
Apalachicola, Florida

MANAGEMENT LETTER

Report on the Financial Statements

We have audited the financial statements of Apalachicola Bay Charter School, Inc., Florida, as of and for the fiscal year ended June 30, 2020, and have issued our report thereon dated August 20, 2020.

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; and Chapter 10.850, Rules of the Auditor General.

Other Reports and Schedules

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in those reports, which are dated August 20, 2020, 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 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 are Apalachicola Bay Charter School, Inc., 9009.

Financial Condition

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

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

Section 10.854(1)(e)3., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Transparency

Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether the Apalachicola Bay Charter School, Inc. maintains on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that the Apalachicola Bay Charter School, Inc. 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, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

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

Skelton, Bryant, Bryant & Scarborough, P.A.

Skelton, Bryant, Bryant & Scarborough, P.A.
Certified Public Accountants