

# Creekside Charter Academy

A Department of Florida Charter  
Educational Foundation, Inc.  
(A Component Unit of the School  
Board of Hillsborough County, Florida)

Basic Financial Statements  
For the Year Ended June 30, 2020

Keefe  
McCullough  
CPA's + Trusted Advisors

## Creekside Charter Academy

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Creekside Charter Academy  
A Department of Florida Charter Educational Foundation, Inc.  
Riverview, Florida

### 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 Creekside Charter Academy (the "School"), a Department of Florida Charter Educational Foundation, Inc. and a component unit of the School Board of Hillsborough County, Florida, 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 School, as of June 30, 2020, and the respective changes in financial position, and budgetary comparison for the General Fund and Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Emphasis of Matter

As discussed in Note 1, the financial statements of the School are intended to present the financial position and change in financial position of only that portion of the governmental activities, each major fund and the aggregate remaining fund information of Florida Charter Educational Foundation, Inc. that is attributable to the transactions of the School. They do not purport to, and do not, present fairly the financial position of Florida Charter Educational Foundation, Inc. as of June 30, 2020 and the changes in financial position or budgetary comparisons, where applicable, for the year ended June 30, 2020 in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 7 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 September 14, 2020, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.



KEEFE McCULLOUGH

Fort Lauderdale, Florida  
September 14, 2020

# MANAGEMENT'S DISCUSSION AND ANALYSIS

**Keefe  
McCullough**  
CPA's + Trusted Advisors

As management of Creekside Charter Academy (the "School"), a Department of Florida Charter Educational Foundation, Inc. and a component unit of the School Board of Hillsborough County, Florida (the "School Board"), we offer readers of the School's basic financial statements this narrative overview and analysis of the financial activities of the School for the year ended June 30, 2020 and 2019.

Management's discussion and analysis is included at the beginning of the School's basic financial statements to provide, in layman's terms, the current position of the School's financial condition. This summary should not be taken as a replacement for the audit which consists of the basic financial statements.

### **Financial Highlights**

Our basic financial statements provide these insights into the results of this year's operations.

- As of June 30, 2020, the School's governmental fund balances totaled \$ 1,508,795, as compared to \$ 1,610,853 as of June 30, 2019.
- As of June 30, 2020, the School has net position (deficit) of \$ (1,176,831), as compared to \$ (989,783) as of June 30, 2019.

### **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 basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements.

**Government-Wide Basic 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, liabilities, and deferred inflows/outflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School is improving or deteriorating.

The statement of activities presents information showing how the School's net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected revenues and services rendered but unpaid).

The government-wide financial statements include all governmental activities that are principally supported by grants and entitlements from the state for full-time equivalent funding. The School does not have any business-type activities. The governmental activities of the School primarily include instruction and instruction support services.

The government-wide basic financial statements can be found on pages 8 and 9 of this report.

**Fund 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, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds:** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide basic financial statements, governmental fund basic financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the School's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the School's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The School maintains several individual governmental funds. Information is presented in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances. The General Fund, Special Revenue Fund, Capital Project Fund and Debt Service Fund are considered to be the School's major funds.

The School adopts an annual budget for its governmental funds. A budgetary comparison statement has been provided for the General Fund and Special Revenue Fund to demonstrate compliance with the budget.

The governmental fund financial statements can be found on pages 10 through 16 of this report.

**Agency Fund:** In addition, the School has one agency fund which is a student activity fund. This fund was formed for educational and school purposes.

The Agency Fund financial statement can be found on page 17 of this report. The assets and liabilities of this fund are not included in the government-wide statement of net position.

**Notes to Basic Financial Statements:** The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to basic financial statements can be found on pages 18 through 27 of this report.

## Government-Wide Financial Analysis

This is the School's second year of operations; therefore, comparative government-wide data is presented. The School's net position (deficit) was \$ (1,176,831) at June 30, 2020. Of this amount, \$ (1,706,568) represents net investment in capital assets (deficit), \$ 12,863 represents restricted for debt service and \$ 516,874 represents unrestricted net position. The School's net position was \$ (989,783) at June 30, 2019. Of this amount, \$ (1,632,913) represents net investment in capital assets (deficit), \$ 220,647 represents restricted for debt service and \$ 422,483 represents unrestricted net position.

**Creekside Charter Academy  
Management's Discussion and Analysis  
June 30, 2020**

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Our analysis in the table below focuses on the net position (deficit) of the School's governmental activities:

Creekside Charter Academy Net Position (Deficit)		
	June 30, 2020	June 30, 2019
	<u>                    </u>	<u>                    </u>
Assets:		
Current and other assets	\$ 907,098	\$ 1,260,668
Noncurrent assets	<u>11,627,211</u>	<u>11,884,993</u>
Total assets	<u>12,534,309</u>	<u>13,145,661</u>
Liabilities:		
Current liabilities	574,397	802,922
Noncurrent liabilities	<u>13,136,743</u>	<u>13,332,522</u>
Total liabilities	<u>13,711,140</u>	<u>14,135,444</u>
Net Position (Deficit):		
Net investment in capital assets (deficit)	(1,706,568)	(1,632,913)
Restricted for debt service	12,863	220,647
Unrestricted	<u>516,874</u>	<u>422,483</u>
Total net position (deficit)	<u>\$ (1,176,831)</u>	<u>\$ (989,783)</u>

Current and other assets decreased due to a decrease in cash and accounts receivable. Noncurrent assets decreased due to depreciation taken during the year for approximately \$ 554,000; partially offset by capital purchases of \$ 296,000. Current liabilities decreased mainly due to the School paying off an amount due to Red Apple Services. Noncurrent liabilities decreased due to principal payments made on the bonds payable during the year.

**Governmental Activities:** The results of this year's operations for the School as a whole are reported in the statement of activities on page 9. The following table provides a condensed presentation of the School's revenues and expenses for the years ended June 30, 2020 and 2019:

Creekside Charter Academy Change in Net Position		
	June 30, 2020	June 30, 2019
	<u>                    </u>	<u>                    </u>
Revenues:		
General revenues	\$ 4,587,599	\$ 4,295,806
Program revenues	<u>1,105,117</u>	<u>987,079</u>
Total revenues	<u>5,692,716</u>	<u>5,282,885</u>
Functions/Programs Expenses:		
Instruction	2,563,120	2,371,857
Instructional support services	1,702,223	1,769,972
Non-instructional services	<u>1,614,421</u>	<u>2,130,839</u>
Total governmental activities	<u>5,879,764</u>	<u>6,272,668</u>
Change in net position	<u>\$ (187,048)</u>	<u>\$ (989,783)</u>



**Creekside Charter Academy  
Management's Discussion and Analysis  
June 30, 2020**

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Total revenues increased mainly due to an increase in enrollment that resulted in higher general revenues. Program revenues also increased due to an increase in CSP grant revenues as well as capital outlay. Instruction expenses increased mainly due to the increase in enrollment. Non-instructional services decreased mainly due to a decrease in management fee.

**Governmental Fund Expenditures:** In the table below, we have presented the cost of the largest functions/programs as a percentage of total governmental expenditures:

Functions/Programs	2020		2019	
	Expenditures	Percent	Expenditures	Percent
Governmental expenditures:				
Instruction	\$ 2,226,304	38%	\$ 2,121,436	12%
Debt service	909,554	16%	1,090,726	6%
Plant operations and maintenance	645,080	11%	581,680	3%
Instruction support	447,866	8%	374,516	2%
General administration - management fee	435,330	8%	536,940	3%
All other functions/programs	<u>1,128,940</u>	<u>19%</u>	<u>12,481,029</u>	<u>74%</u>
Total governmental expenditures	\$ <u>5,793,074</u>	<u>100%</u>	\$ <u>17,186,327</u>	<u>100%</u>

**Capital Assets and Debt Administration**

**Capital assets:** At June 30, 2020, the School had capital assets of \$ 10,706,301, net of accumulated depreciation, invested in building, improvements other than building, furniture, fixtures, and equipment, and computer equipment, as compared to \$ 10,963,493 at June 30, 2019. A detailed schedule is on page 23 in the notes to the basic financial statements.

**Debt:** At June 30, 2020, the School had outstanding debt of \$ 13,333,779, , as compared to \$ 13,517,906 at June 30, 2019. The debt relates to bonds issued to finance the acquisition of the School's facilities and equipment. Additional information on the School's debt can be found in Notes 7 and 8 on page 24.

**General Fund Budgetary Highlights**

Total revenues were unfavorable to the budget mainly due to lower Florida Education Finance Program revenues caused by lower enrollment than anticipated as well as lower childcare revenues caused by the School being closed for a few months due to COVID-19. Total expenditures were favorable to the budget mainly due to savings in instructional expenses caused by the enrollment shortfall. Administrative expenses and operation of plant were lower than budgeted mainly due to lower leadership and office expenses as well as marketing costs. Overall, the School ended the year with a change in fund balance that was unfavorable to the budget by approximately \$ 177,000.

**Economic Factors and Next Year's Budget**

In fiscal year 2020, the State of Florida increased its Florida Education Finance Program base funding, safe schools and mental health initiative allocations. The capital outlay funding pool increased to \$ 158 million. A 2% merit increase was also paid out to eligible staff.

**Creekside Charter Academy  
Management's Discussion and Analysis  
June 30, 2020**

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For fiscal year 2021, capital outlay revenue was assumed at a flat rate in comparison to the current rate per student. The budgets reflect the Florida Education Finance Program funding increase to fund teacher salary increases. A 2% merit increase for all staff was also budgeted. All other expenditures are budgeted in alignment with enrollment changes and the School's strategic objectives.

**Requests for Information**

If you have any questions about this report or need additional information, please write Maria Garzon, Controller - Schools, Charter Schools USA, 800 Corporate Drive, Suite 700, Fort Lauderdale, Florida 33334.



# BASIC FINANCIAL STATEMENTS

**Keefe  
McCullough**  
CPA's + Trusted Advisors



**Creekside Charter Academy**  
**Statement of Net Position (Deficit)**  
**June 30, 2020**

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	<b>Governmental Activities</b>
<b>Current Assets:</b>	
Cash and cash equivalents	\$ 711,421
Accrued interest receivable	6
Other receivables	2,269
Due from other governments	69,415
Due from related party	2,423
Prepaid items	63,112
Deposits	16,430
Restricted investments	<u>42,022</u>
Total current assets	<u>907,098</u>
<b>Noncurrent Assets:</b>	
Restricted investments	920,910
Capital assets (depreciable), net of accumulated depreciation	<u>10,706,301</u>
Total noncurrent assets	<u>11,627,211</u>
Total assets	<u>12,534,309</u>
<b>Current Liabilities:</b>	
Accounts payable and accrued liabilities	65,678
Salaries and wages payable	142,978
Due to other governments	602
Due to management company	108,255
Compensated absences	23,017
Accrued interest payable	29,159
Bonds payable	<u>204,708</u>
Total current liabilities	<u>574,397</u>
<b>Noncurrent Liabilities:</b>	
Compensated absences	7,672
Bonds payable	<u>13,129,071</u>
Total noncurrent liabilities	<u>13,136,743</u>
Total liabilities	<u>13,711,140</u>
<b>Commitments (Note 11)</b>	-
<b>Net Position (Deficit):</b>	
Net investment in capital assets (deficit)	(1,706,568)
Restricted for debt service	12,863
Unrestricted	<u>516,874</u>
Total net position (deficit)	<u>\$ (1,176,831)</u>

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

**Creekside Charter Academy**  
**Statement of Activities**  
**For the Year Ended June 30, 2020**

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Governmental</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net Revenue (Expense) and Change in Net Position</u>
<b>Functions/Programs:</b>					
Instruction	\$ 2,563,120	\$ -	\$ 276,177	\$ -	\$ (2,286,943)
Instruction support services	447,866	-	109,841	-	(338,025)
Board services	30,673	-	-	-	(30,673)
General administration - District administrative fee	86,782	-	-	-	(86,782)
General administration - Management fee	435,330	-	-	-	(435,330)
Administrative services	327,728	-	-	-	(327,728)
Facilities rent	50,750	-	-	-	(50,750)
Fiscal services	19,280	-	-	-	(19,280)
Food services	180,172	60,703	127,063	-	7,594
Central services	37,308	-	-	-	(37,308)
Operation of plant	729,917	-	41,479	-	(688,438)
Maintenance of plant	145,962	-	-	-	(145,962)
Community services - childcare or VPK salaries, benefits, materials and supplies, etc.	99,873	157,974	-	-	58,101
Interest and other debt service costs	725,003	-	-	331,880	(393,123)
Total governmental activities	\$ <u>5,879,764</u>	\$ <u>218,677</u>	\$ <u>554,560</u>	\$ <u>331,880</u>	<u>(4,774,647)</u>
General revenues:					
Grants and entitlements					4,567,454
Investment income					19,248
Miscellaneous					897
Total general revenues					<u>4,587,599</u>
Change in net position					(187,048)
Net position (deficit), July 1, 2019					<u>(989,783)</u>
Net position (deficit), June 30, 2020					\$ <u><u>(1,176,831)</u></u>

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

**Creekside Charter Academy**  
**Balance Sheet - Governmental Funds**  
**June 30, 2020**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Project Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
<b>Assets:</b>					
Cash and cash equivalents	\$ 711,421	\$ -	\$ -	\$ -	\$ 711,421
Accrued interest receivable	6	-	-	-	6
Other receivables	2,269	-	-	-	2,269
Due from other governments	14,256	55,159	-	-	69,415
Due from related party	2,423	-	-	-	2,423
Due from other funds	55,159	-	-	-	55,159
Prepaid items	63,112	-	-	-	63,112
Deposits	16,430	-	-	-	16,430
Restricted investments	962,932	-	-	-	962,932
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	\$ <u>1,828,008</u>	\$ <u>55,159</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>1,883,167</u>
<b>Liabilities:</b>					
Accounts payable and accrued liabilities	\$ 65,678	\$ -	\$ -	\$ -	\$ 65,678
Salaries and wages payable	142,978	-	-	-	142,978
Due to other governments	602	-	-	-	602
Due to management company	108,255	-	-	-	108,255
Due to other funds	-	55,159	-	-	55,159
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	<u>317,513</u>	<u>55,159</u>	<u>-</u>	<u>-</u>	<u>372,672</u>
<b>Deferred Inflows of Resources:</b>					
Unavailable revenue	<u>1,700</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,700</u>
<b>Commitments (Note 11)</b>					
	-	-	-	-	-
<b>Fund Balances:</b>					
Nonspendable:					
Prepaid items	63,112	-	-	-	63,112
Deposits	16,430	-	-	-	16,430
Restricted for debt service	962,932	-	-	-	962,932
Unassigned	466,321	-	-	-	466,321
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total fund balances	<u>1,508,795</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,508,795</u>
Total liabilities, deferred inflows of resources and fund balances	\$ <u>1,828,008</u>	\$ <u>55,159</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>1,883,167</u>

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

**Creekside Charter Academy  
 Reconciliation of the Balance Sheet of Governmental Funds  
 to the Statement of Net Position (Deficit)  
 June 30, 2020**

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**Total Fund Balances - Governmental Funds** \$ 1,508,795

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund.

Cost of capital assets	\$ 11,647,444	
Accumulated depreciation	<u>(941,143)</u>	10,706,301

Unavailable revenue in the governmental funds is susceptible to full accrual in the government-wide statements. 1,700

Liabilities not payable with current available resources are not reported as fund liabilities in the governmental fund statement. All liabilities both current and long-term, are reported in the government-wide statements.

Accrued interest payable	\$ (29,159)	
Compensated absences	(30,689)	
Bonds payable	<u>(13,333,779)</u>	<u>(13,393,627)</u>

**Net Position (Deficit) of Governmental Activities** \$ (1,176,831)

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

**Creekside Charter Academy  
Statement of Revenues, Expenditures and  
Changes in Fund Balances - Governmental Funds  
For the Year Ended June 30, 2020**

	<u>Account</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>
<b>Revenues:</b>			
Federal through state and local	3200	\$ -	\$ 443,238
State sources:			
Florida Education Finance Program	3310	4,567,454	-
State capital outlay and debt service	3320	-	-
Other state revenue	3330	80,247	-
National School Lunch Program	3370	-	2,152
Food service revenue	3450	60,703	-
Childcare revenue	3470	151,738	-
Miscellaneous local source revenue	3490	53,604	-
		<u>4,913,746</u>	<u>445,390</u>
Total revenues			
<b>Expenditures:</b>			
Instruction	5000	2,215,622	10,682
Instruction support services	6000	338,025	109,841
Board services	7100	30,673	-
General administration - District administrative fee	7200.30	86,782	-
General administration - Management fee	7200.31	435,330	-
Administrative services	7300	327,728	-
Facilities acquisition and construction	7400	98,570	197,804
Facilities acquisition and construction - facilities rent	7400.36	50,750	-
Fiscal services	7500	19,280	-
Food services	7600	53,109	127,063
Central services	7700	37,308	-
Operation of plant	7900	499,118	-
Maintenance of plant	8100	145,962	-
Community services - childcare or VPK salaries, benefits, materials and supplies, etc.	9100	99,873	-
Debt service:			
Principal	9200	-	-
Interest	9200	-	-
		<u>4,438,130</u>	<u>445,390</u>
Total expenditures			
Excess (deficiency) in revenues over expenditures		<u>475,616</u>	<u>-</u>
<b>Other Financing Sources (Uses):</b>			
Transfer in	9700	-	-
Transfer out	9700	(577,674)	-
		<u>(577,674)</u>	<u>-</u>
Total other financing sources (uses)			
Net change in fund balances		(102,058)	-
<b>Fund Balances, July 1, 2019</b>		<u>1,610,853</u>	<u>-</u>
<b>Fund Balances, June 30, 2020</b>		<u>\$ 1,508,795</u>	<u>\$ -</u>

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



<u>Capital Project Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
\$ -	\$ -	\$ 443,238
-	-	4,567,454
331,880	-	331,880
-	-	80,247
-	-	2,152
-	-	60,703
-	-	151,738
-	-	53,604
<u>331,880</u>	<u>-</u>	<u>5,691,016</u>
-	-	2,226,304
-	-	447,866
-	-	30,673
-	-	86,782
-	-	435,330
-	-	327,728
-	-	296,374
-	-	50,750
-	-	19,280
-	-	180,172
-	-	37,308
-	-	499,118
-	-	145,962
-	-	99,873
-	189,544	189,544
<u>331,880</u>	<u>388,130</u>	<u>720,010</u>
<u>331,880</u>	<u>577,674</u>	<u>5,793,074</u>
<u>-</u>	<u>(577,674)</u>	<u>(102,058)</u>
-	577,674	577,674
<u>-</u>	<u>-</u>	<u>(577,674)</u>
<u>-</u>	<u>577,674</u>	<u>-</u>
-	-	(102,058)
<u>-</u>	<u>-</u>	<u>1,610,853</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,508,795</u>

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

**Creekside Charter Academy  
 Reconciliation of the Statement of Revenues,  
 Expenditures and Changes in Fund Balances  
 of the Governmental Funds to the Statement of Activities  
 For the Year Ended June 30, 2020**

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**Net Change in Fund Balances - Governmental Funds** \$ (102,058)

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 costs of those assets is depreciated over their estimated useful lives as provision for depreciation.

Cost of capital assets	\$	296,374	
Provision for depreciation		<u>(553,566)</u>	(257,192)

Principal payments on long-term debt are reported as expenditures in the governmental funds, but as a reduction of long-term liabilities in the statement of net position			189,544
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Revenues that earned but not received within the availability period are recognized in the statement of activities when earned and subsequently in the governmental fund financial statements when they become available.			1,700
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Certain items reported in the statement of activities do not require the use of current financial resources, and therefore, are not reported as expenditures in the governmental funds.

Change in accrued interest payable	\$	424	
Change in compensated absences		(14,049)	
Provision for amortization of bond discount		<u>(5,417)</u>	<u>(19,042)</u>

**Change in Net Position (Deficit) of Governmental Activities** \$ (187,048)

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

**Creekside Charter Academy  
Statement of Revenues and Expenditures  
Budget and Actual - General Fund  
For the Year Ended June 30, 2020**

	<u>Account</u>	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues:</b>				
State sources:				
Florida Education Finance Program	3310	\$ 4,960,685	\$ 4,567,454	\$ (393,231)
Other state revenue	3330	1,419.00	80,247	78,828
Food service revenue	3450	75,880.00	60,703	(15,177)
Childcare revenue	3470	268,953	151,738	(117,215)
Miscellaneous local source revenue	3490	109,387	53,604	(55,783)
Total revenues		<u>5,416,324</u>	<u>4,913,746</u>	<u>(502,578)</u>
<b>Expenditures:</b>				
Instruction	5000	2,241,155	2,215,622	25,533
Instruction support services	6000	363,007	338,025	24,982
Board services	7100	6,071	30,673	(24,602)
General administration - District administrative fee	7200.30	88,837	86,782	2,055
General administration - Management fee	7200.31	435,330	435,330	-
Administrative services	7300	432,551	327,728	104,823
Facilities acquisition and construction	7400	104,755	98,570	6,185
Facilities acquisition and construction - facilities rent	7400.36	50,750	50,750	-
Fiscal services	7500	8,000	19,280	(11,280)
Food services	7600	51,851	53,109	(1,258)
Central services	7700	4,687	37,308	(32,621)
Operation of plant	7900	689,770	499,118	190,652
Maintenance of plant	8100	154,321	145,962	8,359
Community services - childcare or VPK salaries, benefits, materials and supplies, etc.	9100	151,928	99,873	52,055
Total expenditures		<u>4,783,013</u>	<u>4,438,130</u>	<u>344,883</u>
Excess (deficiency) in revenues over expenditures		633,311	475,616	(157,695)
<b>Other Financing Uses:</b>				
Transfer out	9700	(558,850)	(577,674)	(18,824)
Net change in fund balance		<u>\$ 74,461</u>	<u>\$ (102,058)</u>	<u>\$ (176,519)</u>

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

**Creekside Charter Academy  
Statement of Revenues and Expenditures  
Budget and Actual - Special Revenue Fund  
For the Year Ended June 30, 2020**

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	<u>Account</u>	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues:</b>				
Federal sources:				
National School Lunch Program	3260	\$ 167,953	\$ 124,911	\$ (43,042)
Charter School Program	3290	-	318,327	318,327
State sources:				
National School Lunch Program	3330	-	2,152	2,152
Total revenues		<u>167,953</u>	<u>445,390</u>	<u>277,437</u>
<b>Expenditures:</b>				
Instruction	5000	-	10,682	(10,682)
Instruction support services	6000	-	109,841	(109,841)
Facilities acquisition and construction	7400	-	197,804	(197,804)
Food services	7600	<u>167,953</u>	<u>127,063</u>	<u>40,890</u>
Total expenditures		<u>167,953</u>	<u>445,390</u>	<u>(277,437)</u>
Net change in fund balance		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

Creekside Charter Academy  
Statement of Assets and Liabilities - Agency Fund  
June 30, 2020

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	<u>Student Activities</u>
<b>Assets:</b>	
Cash and cash equivalents	\$ <u>54,183</u>
Total assets	\$ <u><u>54,183</u></u>
<b>Liabilities:</b>	
Due to students	\$ <u>54,183</u>
Total liabilities	\$ <u><u>54,183</u></u>

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

## Note 1 - Organization and Operations

Creekside Charter Academy (the "School"), a Department of Florida Charter Educational Foundation, Inc. and a component unit of the School Board of Hillsborough County, Florida, was established in 2017 as a public charter school to serve students from kindergarten to eighth grade in Hillsborough County. In its second year of operations, the School served students in kindergarten through seventh grade. The Florida Charter Educational Foundation, Inc. ("FCEF") is a Florida nonprofit corporation organized pursuant to Chapter 617, Florida Statutes. The governing body of the School consists of the officers and directors of FCEF. FCEF also operates Keys Gate Charter School in Miami-Dade County, Henderson Hammock Charter School, Southshore Charter Academy, Waterset Charter School, Winthrop Charter School and Woodmont Charter School in Hillsborough County, Union Park Charter Academy in Pasco County and Clay Charter Academy in Clay County. There were 662 students enrolled for the 2019/2020 school year.

The basic financial statements of the School present only the balances, activity and disclosures related to the School. They do not purport to, and do not, present fairly the financial position of FCEF as of June 30, 2020, and the changes in its financial position or budgetary comparisons, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America. Accordingly, these basic financial statements only include balances, activity and disclosures related to the School.

## Note 2 - Summary of Significant Accounting Policies

**Reporting entity:** The School operates under a charter granted by the sponsoring school board, the School Board of Hillsborough County. The current charter is effective until June 30, 2023, and may be renewed by mutual written agreement between the School and the School Board. At the end of the term of the charter, the School Board may choose not to renew the charter under grounds specified in the charter, in which case, the School Board is required to notify the School in writing at least ninety days prior to the charter's expiration. During the term of the charter, the School Board may also terminate the charter if good cause is shown. The School is considered a component unit of the School Board of Hillsborough County.

The School may also be financially accountable if an organization is fiscally dependent on the School regardless of whether the organization has a separately elected governing board, a governing board appointed by another government, or a jointly approved board. In addition, component units can be other organizations for which the nature and significance of their relationship with the School are such that exclusion would cause the basic financial statements to be misleading or incomplete.

As a result of evaluating the above criteria, management has determined that no component units exist for which the School is financially accountable, which would require inclusion in the School's basic financial statements.

**Basis of presentation:** Based on the guidance provided in the American Institute of Certified Public Accountants Audit and Accounting Guide - Not-for-Profit Organizations and provisions of Section 228.056, Florida Statutes, the School is presented as a governmental organization for financial statement reporting purposes.

**Government-wide financial statements:** Government-wide financial statements, including the statement of net position and the statement of activities, present information about the School as a whole.

Government-wide financial statements are prepared using the economic resources measurement focus. The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the School's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are thereby clearly identifiable to a particular function.

## Note 2 - Summary of Significant Accounting Policies (continued)

Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. 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:** Fund financial statements report detailed information about the School in the governmental funds. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is reported in a separate column. Because the focus of governmental fund financial statements differs from the focus of government-wide financial statements, a reconciliation is presented with each of the governmental fund financial statements.

The School's major governmental funds are as follows:

**General Fund** - This fund is used to account for all operating activities of the School except for those required to be accounted for in another fund.

**Special Revenue Fund** - This fund is used to account for federal grants and certain state grants that are legally restricted to expenditures for particular purposes.

**Capital Project Fund** - This fund is used to account for state and local capital outlay funding that is legally restricted to expenditures for particular purposes.

**Debt Service Fund** - This fund is used to account for the accumulation of resources for, and the payment of, principal and interest on long-term obligations of governmental funds.

Additionally, the School reports separately the following fiduciary fund type:

**Agency Fund** - This fund is used to administer funds raised and earned by the various clubs and activities that are part of the School.

**Basis of accounting:** Basis of accounting refers to when revenues and expenditures, or expenses, are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements are prepared using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of the related cash flows.

Governmental fund financial statements are prepared using the modified accrual basis of accounting. Revenues are recognized when they become measurable and available. Measurable means the amount of the transaction can be determined and 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 sixty days of the end of the current period. Under the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized when due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

**Note 2 - Summary of Significant Accounting Policies (continued)**

The Agency Fund has no measurement focus but utilizes the accrual basis of accounting for reporting.

**Cash and cash equivalents:** The School considers all demand accounts and short-term investments with a maturity of three months or less when purchased to be cash and cash equivalents. The School maintains its cash accounts with one financial institution. The School's accounts at this institution, at times, may exceed the federally insured limit. The School has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk (Note 3).

**Prepaid items:** Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

**Due to and due from other funds and transfers:** Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. The balances result from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made. Transfers are used to move revenues from the fund with collection authorization to the debt service fund as principal and interest payments become due.

**Revenue recognition:** Student funding is provided by the State of Florida through the School Board. Such funding is recorded as entitlement revenue in the government-wide financial statements and state source revenue in the fund financial statements. This funding is received on a pro rata basis over a ten-month period the School is in session and is adjusted for changes in full-time equivalent (FTE) student population.

**Income taxes:** The School is a Department of a nonprofit corporation. Revenue of the School is derived primarily from other governmental entities. The School is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in these basic financial statements.

**Capital assets:** Property and equipment purchased or acquired are capitalized at historical cost or estimated historical cost. Capital assets are defined by the School as assets with a cost of \$ 750 and useful life of over one year. Donated property and equipment are reported at acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized and depreciated over the remaining useful lives of the related fixed assets. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation on all capital assets is provided on the straight-line basis over the estimated useful lives as follows:

Building	45 years
Improvements other than building	10 years
Furniture, fixtures and equipment	5 years
Computer equipment	3 years

**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(s) 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.



## Note 2 - Summary of Significant Accounting Policies (continued)

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(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The School has one item that qualifies for reporting in this category. The governmental funds report unavailable revenues that are deferred and recognized as an inflow of resources in the period that the amounts become available.

**Unearned revenue:** Unearned revenue arises when the School receives resources before it has a legal claim to them.

**Compensated absences:** The School's policy permits employees to accumulate earned but unused paid time off, which is eligible for payment upon separation from service. The liability for such leave is reported as incurred in the government-wide financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable. Payments for compensated absences are generally paid out of the General Fund.

**Net position:** Net position is classified in three categories. The general meaning of each is as follows:

- Net investment in capital assets - represents the difference between the cost of capital assets, less accumulated depreciation reduced by the outstanding balances of borrowings used for the acquisition, construction or improvement of those assets.
- Restricted - consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- Unrestricted (deficit) - indicates that portion of net position that will need to be funded by future operations.

**Fund balance:** The governmental fund financial statements present fund balances based on the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides more clearly defined fund balance classifications and also sets a hierarchy which details how the School may spend funds based on certain constraints. The following are the fund balance classifications used in the governmental fund financial statements:

- Nonspendable - this classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The School classifies inventories, prepaid items, long-term notes receivable and deposits as nonspendable since they are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- Restricted - this classification includes amounts that are restricted for specific purposes by external parties such as grantors and creditors or are imposed by law through constitutional provisions or enabling legislation.

**Note 2 - Summary of Significant Accounting Policies (continued)**

- Committed - this classification includes amounts that can be used for specific purposes voted on through formal action of the Board of Directors (the highest level of decision-making authority). The committed amount cannot be used for any other purpose unless the Board of Directors removes or changes the commitment through formal action.
- Assigned - this classification includes amounts that the Board of Directors intends to use for a specific purpose, but they are neither restricted nor committed. The School classifies existing fund balance to be used in the subsequent year's budget for elimination of a deficit as assigned.
- Unassigned - this classification includes amounts that have not been restricted, committed or assigned for a specific purpose within the General Fund.

The details of the fund balances are included in the Governmental Fund Balance Sheet on page 10.

When the School incurs expenditures for which restricted or unrestricted fund balance is available, the School would consider restricted funds to be spent first. When the School has expenditures for which committed, assigned or unassigned fund balance is available, the School would consider committed funds to be spent first, then assigned funds and lastly unassigned funds.

**Budget:** An operating budget is adopted and maintained by the governing board for the School pursuant to the requirements of Florida Statutes. The budget is adopted using the same basis of accounting that is used in the preparation of the financial statements.

**Use of estimates:** The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Date of management review:** Subsequent events were evaluated by management through September 14, 2020, which is the date the financial statements were available to be issued.

**Note 3 - Cash and Cash Equivalents**

At June 30, 2020, the carrying amount of the demand deposits and cash on hand totaled \$ 765,604 with bank balances of \$ 788,345.

State statutes require, and it is the School's policy, that all deposits be made into, and be held by, financial institutions designated by the Treasurer of the State of Florida as "qualified public depositories" as defined by Chapter 280 of the Florida Statutes. This statute requires that every qualified public depository institution maintain eligible collateral to secure the public entity's funds. The minimum collateral to be pledged by an institution, the collateral eligible for pledge, and reporting requirements of the qualified public depositor to the treasurer is defined by the statute. Collateral is pooled in a multiple qualified public depository institution pool with the ability to assess members of the pool should the need arise. The School's deposits are held in a qualified public depository. They are covered by the collateral pool as the School has identified itself as a public entity at June 30, 2020.

**Creekside Charter Academy**  
**Notes to Basic Financial Statements**  
**June 30, 2020**

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**Note 4 - Due From Related Party**

The School is a Department of The Florida Charter Educational Foundation, Inc. ("FCEF"). As of June 30, 2020, FCEF owes the School \$ 2,423 for funding yet to be distributed to the School and for board of directors' expenses that were prepaid by the School.

**Note 5 - Restricted Investments**

Previously, FCEF issued bonds to finance the acquisition of facilities and equipment for two of their schools, including Creekside Charter Academy (Notes 7 and 11). The restricted investments of the School are governed by the Bond Indenture. The investments are held by the Trustee and are restricted for debt service (Note 7). At June 30, 2020, the School has \$ 962,932 invested in a money market fund that is stated at amortized cost which approximates fair value.

Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. The exposure to credit risk is limited because the money market fund is rated AAA-mf by Moody's.

Interest rate risk is the risk that changes in interest rate will adversely affect the fair value of an investment. The exposure to declines in fair values is limited because the weighted average maturity of the money market fund is forty-five days.

**Note 6 - Capital Assets**

Capital asset balances and activity for the year ended June 30, 2020 are as follows:

	Balance at July 1, 2019	Additions	Deletions	Balance at June 30, 2020
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Capital assets, depreciable:				
Buildings	\$ 10,381,234	\$ -	\$ -	\$ 10,381,234
Improvements other than building	-	12,556	-	12,556
Furniture, fixtures and equipment	344,371	182,178	-	526,549
Computer equipment	<u>625,465</u>	<u>101,640</u>	<u>-</u>	<u>727,105</u>
Total capital assets, depreciable	<u>11,351,070</u>	<u>296,374</u>	<u>-</u>	<u>11,647,444</u>
Accumulated depreciation:				
Buildings	153,796	230,694	-	384,490
Improvements other than building	-	105	-	105
Furniture, fixtures and equipment	62,502	104,088	-	166,590
Computer equipment	<u>171,279</u>	<u>218,679</u>	<u>-</u>	<u>389,958</u>
Total accumulated depreciation	<u>387,577</u>	<u>553,566</u>	<u>-</u>	<u>941,143</u>
Net capital assets	<u>\$ 10,963,493</u>	<u>\$ (257,192)</u>	<u>\$ -</u>	<u>\$ 10,706,301</u>

Provision for depreciation was charged to governmental activities as follows:

Instruction	\$ 322,767
Operation of plant	<u>230,799</u>
Total	<u>\$ 553,566</u>

**Creekside Charter Academy**  
**Notes to Basic Financial Statements**  
**June 30, 2020**

**Note 7 - Bonds Payable**

Previously, The Capital Trust Agency (the "Agency") issued \$ 26,285,000 in Tax Exempt Educational Facilities Revenue Bonds, Series 2018A and \$ 770,000 in Taxable Educational Facilities Revenue Bonds, Series 2018B pursuant to an Indenture of Trust between the Agency and a Trustee to make a loan to Florida Charter Educational Foundation, Inc. ("FCEF"), a division of which the School exists to finance the acquisition of the facilities and equipment of two charter schools existing under FCEF. The Series 2018A Bonds bear interest at 4.500% through June 2028, then at 5.375% through June 2048. The Series 2018B Bonds bear interest at 6.000% through June 2022. Principal and interest will be paid semi-annually on June 15 and December 15. In order to secure the payment of the principal and interest on the Bonds, the Agency assigned all of its rights and interest in the loan agreement to the Trustee. The Bonds are payable from and secured by a lien upon and pledge of payments to be received by the Trustee.

The School's share of the annual debt service requirements to maturity for the Series 2018 Bond is as follows:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 204,708	\$ 708,713	\$ 913,421
2022	214,817	697,530	912,347
2023	232,508	685,968	918,476
2024	245,144	675,334	920,478
2025	255,253	664,246	919,499
2026-2030	1,460,756	3,132,502	4,593,258
2031-2035	1,887,863	2,704,714	4,592,577
2036-2040	2,459,023	2,131,604	4,590,627
2041-2045	3,209,620	1,383,532	4,593,152
2046-2048	3,315,764	366,836	3,682,600
	<u>\$ 13,485,456</u>	<u>\$ 13,150,979</u>	<u>\$ 26,636,435</u>

**Note 8 - Long-Term Liabilities**

Changes in the School's long-term liabilities for fiscal year ended June 30, 2020, are as follows:

	Balance July 1, 2019	Additions	Retirements	Amortization	Balance June 30, 2020	Amount Due Within One Year
Series 2018 Educational Facilities Revenue Bonds, net of unamortized discount of \$ 157,677	\$ 13,517,906	\$ -	\$ 189,544	\$ 5,417	\$ 13,333,779	\$ 204,708
Compensated absences	<u>16,640</u>	<u>26,268</u>	<u>12,219</u>	<u>-</u>	<u>30,689</u>	<u>23,017</u>
	<u>\$ 13,534,546</u>	<u>\$ 26,268</u>	<u>\$ 201,763</u>	<u>\$ 5,417</u>	<u>\$ 13,364,468</u>	<u>\$ 227,725</u>

**Note 9 - Federal, State and Local Revenue Sources**

The School recorded the following revenues for the year ended June 30, 2020:

Federal:		
National School Lunch Program	\$	124,911
Charter School Program		318,327
State:		
Florida Education Finance Program		4,567,454
Capital outlay		331,880
Other state revenue		80,247
National School Lunch Program		2,152
Local:		
Food service revenue		60,703
Childcare revenue		151,738
Miscellaneous local source revenue		53,604
	\$	<u>5,691,016</u>

**Note 10 - Employee Benefit Plan**

During the year ended June 30, 2020, the School offered all of its full-time employees who had attained 21 years of age, a retirement plan (the “Plan”) under Internal Revenue Code Section 401(k). The employee is allowed to contribute up to a maximum of 100% of his/her annual gross compensation, subject to certain limitations. The Plan provides for a discretionary employer matching contribution of the participant’s annual elective deferral to the Plan. As determined annually by the School’s management, the School may also make a discretionary profit-sharing contribution, which is allocated among the participants based on a pro rata formula. Participants are immediately vested in their own contributions and earnings on those contributions. Participants become vested in School contributions and earnings on School contributions according to the following schedule:

<u>Years of Service</u>	<u>Vesting Percentage</u>
1	25%
2	50%
3	75%
4	100%

Nonvested contributions are forfeited upon termination of employment and such forfeitures are used to reduce any employer contribution. For the Plan year ending December 31, 2019, the School did not have any forfeitures. For the year ended June 30, 2020, the School contributed a matching amount of \$ 5,640.

**Note 11 - Commitments**

**Land Lease Agreement:** Concurrent with the Series 2018 Bond issuance (Note 7), subsidiaries of Red Apple Development, LLC (“RAD”) entered into two land lease agreements with FCEF. The land which is owned by RAD is leased by FCEF on behalf of the schools under a 45-year lease. In addition to rent, FCEF shall pay to RAD the total cost of ad valorem taxes, assessments and levies imposed upon the premises. Total cost to the School for the land lease was \$ 50,750 for the year ended June 30, 2020.

**Note 11 - Commitments (continued)**

The following is a schedule of the School’s future rent payments as of June 30, 2020:

Year Ending June 30,		
2021	\$	51,765
2022		52,803
2023		53,856
2024		54,930
2025		56,028
2026-2030		297,429
2031-2035		328,383
2036-2040		362,547
2041-2045		400,302
2046-2050		441,945
2051-2055		487,950
2056-2060		538,752
2061-2064		379,680
	\$	<u>3,506,370</u>

**Management agreement:** The School has a formal agreement with Charter Schools USA at Creekside, LLC (“CSUSA”) to manage, staff, and operate the School. The agreement has an initial term which expires in June 2023. It will automatically renew for five-year periods unless terminated by either party. The agreement states that CSUSA shall be entitled to cost reimbursements and management fees (the “fee”) for its services, subject to availability of funds. The fee is subordinated to all bond payment requirements (Note 7). The fee ranges from \$ 451,537 for fiscal year 2021 to \$ 1,646,576 for fiscal year 2048 as defined in the agreement or the budgeted amount approved by the Board of Directors based on enrollment and School performance. Total cost reimbursements and management fees amounted to \$ 435,330 for the year ending June 30, 2020.

The basic financial statements reflect a due to CSUSA which totaled \$ 108,255 at June 30, 2020.

**Post-retirement benefits:** The School does not provide post-retirement benefits to retired employees.

**Note 12 - Capital Appropriations Funding**

The Florida Department of Education has approved a Charter School Capital Outlay (CSCO) award for the School. In each year that funds are appropriated by the state for charter school capital outlay purposes, those funds are allocated among eligible charter schools. The funds for the School’s allocation are transferred to the School once a CSCO Plan has been provided to and approved by the sponsoring district. The School’s CSCO award totaled \$ 331,880 for the 2019/2020 school year, which has been recognized as revenue in the accompanying basic financial statements. If the CSCO funds are used to acquire tangible property assets, the School Board has a reversionary interest in those assets. In the event of non-renewal, termination, or breach of the charter school agreement, ownership of the assets would automatically revert to the School Board. The School has elected to use these funds to pay a portion of the lease expense on the facility.

**Note 13 - Florida Education Finance Program (FEFP) Funding**

The basic amount of funding through the FEFP under Section 1011.62 is the product of (1) the School's unweighted FTE, multiplied by (2) the cost factor for each program, multiplied by (3) the base student allocation established by the legislature. Additional funds for exceptional students who do not have a matrix of services are provided through the guaranteed allocation designated in Section 1011.62(1)(e)2., Florida Statutes. For the 2019/2020 school year, the School reported 657.99 unweighted FTE. Weighted funding represented approximately 5% of total state funding.

FEFP funding may also be adjusted as a result of subsequent FTE audits conducted by the Auditor General pursuant to Section 1010.305, Florida Statutes, and Rule 6A-1.0453, Florida Administrative Code (FAC). Schools are required to maintain the following documentation for three years or until the completion of an FTE audit:

- Attendance and membership documentation (Rule 6A-1.044, FAC)
- Teacher certificates and other certification documentation (Rule 6A-1.0503, FAC)
- Procedural safeguards for weighted programs (Rule 6A-6.03411, FAC)
- Evaluation and planning documents for weighted programs (Sections 1011.62(1)(e), FS, and Rule 6A-6.03411, FAC).

**Note 14 - Risk Management**

The School is exposed to various risks of loss related to torts, thefts of, damage to, and destruction of assets and natural disasters. The School has obtained property insurance from commercial companies including, but not limited to, general liability and errors and omissions insurance. There have been no claims in excess of insurance coverage limits during the past two years.

As disclosed in Note 11, CSUSA employs all of the employees of the School. As a result, the School is not exposed to medical or workers' compensation claims for these individuals. In addition, CSUSA carries all required insurance including, but not limited to, general liability and errors and omissions insurance.

**Note 15 - Risk and Uncertainties**

In March 2020, the *World Health Organization* declared the outbreak of a coronavirus (COVID-19) a pandemic. As a result, the local and global financial markets are experiencing significant declines and creating economic uncertainties. At this time, it is unknown precisely how this negative outlook will impact the School's financial statements in the future. No adjustments have been made to the accompanying financial statements as a result of the current events.

OTHER INDEPENDENT  
AUDITOR'S REPORTS

Keefe  
McCullough  
CPA's + Trusted Advisors



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*

To the Board of Directors  
Creekside Charter Academy  
A Department of Florida Charter Educational Foundation, Inc.  
Riverview, 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, each major fund, and the aggregate remaining fund information of Creekside Charter Academy (the "School"), a Department of Florida Charter Educational Foundation, Inc. and a component unit of the School Board of Hillsborough County, Florida, 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, and have issued our report thereon dated September 14, 2020.

### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) 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 the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

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

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

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### **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*.

### **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.



KEEFE McCULLOUGH

Fort Lauderdale, Florida  
September 14, 2020

## INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF DIRECTORS

To the Board of Directors  
Creekside Charter Academy  
A Department of Florida Charter Educational Foundation, Inc.  
Riverview, Florida

### Report on the Financial Statements

We have audited the financial statements of Creekside Charter Academy (the "School"), a component unit of the School Board of Hillsborough County, Florida, as of and for the fiscal year ended June 30, 2020, and have issued our report thereon dated September 14, 2020.

### Auditor's Responsibility

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 and Chapter 10.850, Rules of the Auditor General.

### Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated September 14, 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 audit report.

### Official Title

Section 10.854(1)(e)5., Rules of the Auditor General, requires that 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 are Creekside Charter Academy and 297803.

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### **Financial Condition and Management**

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

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

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 School maintains on its website the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that the School maintained on its website the information specified in Section 1002.33(9)(p), Florida Statutes.

### **Additional Matters**

Section 10.854(1)(e)4., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have 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 and applicable management and is not intended to be and should not be used by anyone other than these specified parties.



KEEFE McCULLOUGH

Fort Lauderdale, Florida  
September 14, 2020