



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

Financial Statements and
Independent Auditors' Report

June 30, 2020

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

1350 Wyoming Drive SE
Palm Bay, FL 32909

2019-2020

BOARD OF DIRECTORS

Leslie Maloney, President
Andy Ziegler, Vice President
Amber Miller, Secretary
Amanda Larson, Treasurer

SCHOOL ADMINISTRATION

Wendi Nolder, Principal



INDEPENDENT AUDITORS' REPORT

Board of Directors
Odyssey Preparatory Academy
Palm Bay, Florida

We have audited the accompanying financial statements of the governmental activities and each major fund of Odyssey Preparatory Academy (the “School”), a charter school under Odyssey Charter School, Inc. , which is a component unit of the District School Board of Brevard County, as of, and for the year ended June 30, 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 of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Odyssey Preparatory Academy as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

As described in Note 1, the accompanying financial statements referred to above present only the financial position of Odyssey Preparatory Academy as of June 30, 2020, and the respective changes in financial position for the year then ended, and is not intended to be a complete presentation of Odyssey Charter School, Inc. These financial statements do not purport to and do not present fairly the financial position of Odyssey Charter School, Inc. as of June 30, 2020 and its changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 28, 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, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over reporting and compliance.

Required Supplementary Information

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



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
August 28, 2020

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

June 30, 2020

The corporate officers of Odyssey Preparatory Academy have prepared this narrative overview and analysis of the School’s financial activities for the year ended June 30, 2020.

Financial Highlights

1. The net position of the School at June 30, 2020 was \$663,579.
2. At year-end, the School had current assets on hand of \$1,494,242.
3. The School had an increase in net position of \$108,406 for the year ended June 30, 2020.
4. The unassigned fund balance at year end was \$755,820.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the School’s basic financial statements. The School’s financial statements for the year ended June 30, 2020 are presented in accordance with GASB Codification Section 2200. The financial statements have three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

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

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

Notes to Financial Statements

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

The notes to the financial statements can be found on pages 15 - 27 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a charter school's financial position. In the case of the School, net position was \$663,579 at the close of the fiscal year. A summary of the School's net position as of June 30, 2020 and 2019 is as follows:

	2020	2019
Cash	\$ 739,638	\$ 590,935
Restricted cash held by trustee	391,193	346,538
Prepaid expenses and other current assets	19,305	23,234
Due from other agencies	249,976	61,262
Due from other divisions of Odyssey Charter School Inc.	94,130	76,432
Capital assets, net	3,414,793	3,576,835
Total Assets	4,909,035	4,675,236
Deferred Outflows	-	-
Accounts payable and accrued liabilities	233,794	248,659
Capital lease obligation	11,285	28,918
Due to other divisions of Odyssey Charter School Inc.	209,443	-
Bond payable	3,790,934	3,842,486
Total Liabilities	4,245,456	4,120,063
Deferred Inflows	-	-
Net Position:		
Net investment in capital assets	45,438	47,340
Retricted by Bonds	391,193	346,538
Unrestricted	226,948	161,295
Total Net Position	\$ 663,579	\$ 555,173

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

A summary and analysis of the School's revenues and expenses for the year ended June 30, 2020 and 2019 is as follows:

	<u>2020</u>	<u>2019</u>
REVENUES		
Program Revenues		
Capital grants and contributions	\$ 314,535	\$ 326,546
Operating grants and contributions	414,775	277,971
Lunch program	208,283	315,642
Charges for services	-	30,680
General Revenues		
FTE and other nonspecific revenues	2,999,271	2,910,715
Other revenues	3,532	8,507
Total Revenues	<u>\$ 3,940,396</u>	<u>\$ 3,870,061</u>
EXPENSES		
Component Unit Activities:		
Instruction	\$ 1,796,263	\$ 1,680,302
Student support services	52,138	38,505
Instructional media services	20,999	37,988
Instructional and curriculum development services	165,200	87,717
Instructional staff training services	11,361	8,978
Instructional related technology	68,033	47,729
School administration	721,416	743,997
Fiscal services	44,951	41,128
Food services	209,039	315,888
Pupil transportation services	131,903	132,704
Operation of plant	389,320	341,752
Maintenance of plant	14,407	11,851
Community services	27,079	35,946
Interest	179,881	180,557
Total Expenses	<u>3,831,990</u>	<u>3,705,042</u>
Increase in Net Position	108,406	165,019
Net Position at Beginning of Year	<u>555,173</u>	<u>390,154</u>
Net Position at End of Year	<u>\$ 663,579</u>	<u>\$ 555,173</u>

The School's revenue and expenditures increased by \$70,335 and \$126,948, respectively, as a result of per student enrollment increases which resulted in an overall increase in FTE revenues. The School had an increase in its net position of \$108,406.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUND

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

Governmental Funds

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

In particular, the *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

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

At the end of the fiscal year, the School's governmental general fund reported ending fund balance of \$775,125. The fund balance that is unassigned and available for spending at the School's discretion is \$755,820. These funds will be available for the School's future operations.

Achievements 2019-2020

Odyssey Preparatory Academy (OPA) had a very exciting 2019-2020 school year, successfully moving into online instruction with the COVID-19 pandemic. We received a lot of positive comments about the rigor of our online instruction and the involvement of our teachers in student learning, serving our 408 students virtually for most of the spring semester. We are excited to continue to develop our school, including deepening our nutrition curriculum at all sites and re-establishing our gardens. Our students participated in the South Area Art/Science Fair that took place in March, where we had a second-grade student win a merit award and a 6th-grade student win 3rd place. OPA has continued to grow our GATEway (gifted and talented programs) to support our highest performing students and developing means to differentiate for all students with academic enrichment periods (A-Time = Acceleration Time) at all elementary grade levels with special programs like Renzulli. We extended our STEAM lab to ensure all grades can participate in science experiments.

Capital Assets

The School's investment in capital assets as of June 30, 2020 amounts to \$3,414,794 (net of accumulated depreciation). This investment in capital assets includes building and improvements, furniture, fixtures, and computer equipment. As of June 30, 2020, the School had long term debt totaling \$3,802,219 relating to capital assets.

Governmental Fund Budget Analysis and Highlights

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

	Governmental Funds		
	Original Budget	Final Budget	Actual
REVENUES			
Program Revenues			
Capital grants and contributions	\$ 312,500	\$ 314,530	\$ 314,535
Federal sources	390,870	414,775	414,775
Federal lunch program	298,000	194,850	194,842
Charges for services and other revenue	15,565	14,510	16,973
General Revenues			
FTE and other nonspecific revenues	2,962,998	2,999,275	2,999,271
Total Revenues	3,979,933	3,937,940	3,940,396
EXPENDITURES			
Component Unit Activities:			
Instruction	1,713,327	1,725,185	1,725,178
Student support services	53,240	52,135	52,138
Instructional media services	1,100	1,750	1,757
Instructional and curriculum development services	167,482	165,200	165,200
Instructional staff training services	13,500	11,375	11,361
Instructional related technology	62,384	68,035	68,033
School administration	706,881	720,530	720,833
Fiscal services	45,610	44,950	44,951
Food services	312,500	207,415	207,412
Pupil transportation services	137,620	131,900	131,903
Operation of plant	320,296	256,403	256,402
Maintenance of plant	31,500	14,400	14,407
Community services	-	27,000	27,079
Expenditures (before capital outlay and debt service)	3,565,440	3,426,278	3,426,654
Capital Outlay and Debt Service:			
Repayment of principal	69,175	69,175	69,185
Interest expense	179,880	179,880	179,881
Capital outlay	64,591	63,415	63,413
Total Expenditures	\$ 3,879,086	\$ 3,738,748	3,739,133

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

Requests for Information

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

Odyssey Preparatory Academy
(A charter school under Odyssey Charter School, Inc.)
Statement of Net Position
June 30, 2020

	Primary Government Governmental Activities
<u>Assets</u>	
Current assets:	
Cash	\$ 739,638
Restricted cash held by trustee	391,193
Prepaid expenses and other current assets	19,305
Due from other agencies	<u>249,976</u>
	1,400,112
Due from other divisions of Odyssey Charter School Inc.	94,130
Land	676,578
Capital assets, depreciable	3,628,607
Less: accumulated depreciation	<u>(890,392)</u>
	3,414,793
Total Assets	<u>4,909,035</u>
<u>Deferred Outflows of Resources</u>	
-	
<u>Liabilities</u>	
Current liabilities:	
Salaries and wages payable and accrued expenses	210,265
Accounts payable	23,529
Current portion of bond payable	54,774
Capital lease obligation payable within one year	<u>8,802</u>
	297,370
Long-term debt:	
Notes payable to bank under the Paycheck Protection Program	209,443
Capital lease obligation	2,483
Bond payable	<u>3,736,160</u>
Total Liabilities	4,245,456
<u>Deferred Inflows of Resources</u>	
-	
<u>Net position</u>	
Net investment in capital assets	45,438
Restricted by bonds for:	
Capital Projects	138,133
Debt Service	253,060
Unrestricted	<u>226,948</u>
Total Net Position	<u>\$ 663,579</u>

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

Odyssey Preparatory Academy
(A charter school under Odyssey Charter School, Inc.)
Statement of Activities
For the year ended June 30, 2020

	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
Primary Government:					
Governmental activities:					
Instruction	\$ 1,796,263	\$ -	\$ 174,192	\$ -	\$ (1,622,071)
Student support services	52,138	-	50,977	-	(1,161)
Instructional media services	20,999	-	-	-	(20,999)
Instructional and curriculum development services	165,200	-	153,276	-	(11,924)
Instructional staff training services	11,361	-	7,817	-	(3,544)
Instructional related technology	68,033	-	27,273	-	(40,760)
School administration	721,416	-	-	-	(721,416)
Fiscal services	44,951	-	-	-	(44,951)
Food services	209,039	13,441	194,842	-	(756)
Pupil transportation services	131,903	-	1,240	-	(130,663)
Operation of plant	389,320	-	-	314,535	(74,785)
Maintenance of plant	14,407	-	-	-	(14,407)
Community services	27,079	-	-	-	(27,079)
Interest	179,881	-	-	-	(179,881)
Total Governmental Activities	3,831,990	13,441	609,617	314,535	(2,894,397)

General revenues:

FTE and other nonspecific revenues	2,999,271
Interest and other revenue	3,532
	3,532

Change in net position 108,406

Net position, beginning	555,173
Net position, ending	\$ 663,579

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

Odyssey Preparatory Academy
(A charter school under Odyssey Charter School, Inc.)
Balance Sheet - Governmental Funds
June 30, 2020

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
<u>Assets</u>					
Cash	\$ 739,638	\$ -	\$ -	\$ -	\$ 739,638
Restricted cash held by trustee	-	-	253,060	138,133	391,193
Due from other agencies	-	228,357	-	21,619	249,976
Prepaid expenses	19,305	-	-	-	19,305
Due from funds	249,976	-	-	-	249,976
Total Assets	1,008,919	228,357	253,060	159,752	1,650,088
<u>Deferred Outflows of Resources</u>					
	-	-	-	-	-
<u>Liabilities</u>					
Salaries and wages payable	210,265	-	-	-	210,265
Accounts payable	23,529	-	-	-	23,529
Due to funds	-	228,357	-	21,619	249,976
Total Liabilities	233,794	228,357	-	21,619	483,770
<u>Deferred Inflows of Resources</u>					
	-	-	-	-	-
<u>Fund balance</u>					
Nonspendable, not in spendable form	19,305	-	-	-	19,305
Restricted by bonds	-	-	253,060	138,133	391,193
Unassigned	755,820	-	-	-	755,820
	775,125	-	253,060	138,133	1,166,318
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 1,008,919	\$ 228,357	\$ 253,060	\$ 159,752	\$ 1,650,088

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

Odyssey Preparatory Academy
(A charter school under Odyssey Charter School, Inc.)
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position
June 30, 2020

Total Fund Balance - Governmental Funds \$ 1,166,318

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

Capital assets of \$4,305,185 net of accumulated depreciation of \$890,392 used in governmental activities are not financial resources and therefore are not reported in the fund. 3,414,793

Long term debt which is not due and payable in the current period and, therefore, is not reported in the governmental funds. (4,011,662)

Long term receivables from related parties in governmental activities are not financial resources and, therefore, are not reported in the governmental funds 94,130

Total Net Position - Governmental Activities \$ 663,579

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

Odyssey Preparatory Academy
(A charter school under Odyssey Charter School, Inc.)
Statement of Revenues, Expenditures, and Changes in Fund Balance-Governmental Funds
For the year ended June 30, 2020

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental
Revenues:					
State capital outlay funding	\$ -	\$ -	\$ -	\$ 314,535	\$ 314,535
State passed through local	2,999,271	-	-	-	2,999,271
Federal sources	-	414,775	-	-	414,775
Federal lunch program	-	194,842	-	-	194,842
Other revenue	2,471	-	798	263	3,532
Charges for services	-	13,441	-	-	13,441
Total Revenues	3,001,742	623,058	798	314,798	3,940,396
Expenditures:					
Current					
Instruction	1,377,461	347,717	-	-	1,725,178
Student support services	1,161	50,977	-	-	52,138
Instructional media services	1,757	-	-	-	1,757
Instructional and curriculum development services	11,924	153,276	-	-	165,200
Instructional staff training services	3,544	7,817	-	-	11,361
Instructional related technology	40,760	27,273	-	-	68,033
School administration	690,639	30,194	-	-	720,833
Fiscal services	44,951	-	-	-	44,951
Food services	-	207,412	-	-	207,412
Pupil transportation services	130,663	1,240	-	-	131,903
Operation of plant	184,825	5,699	-	65,878	256,402
Maintenance of plant	14,407	-	-	-	14,407
Community services	27,079	-	-	-	27,079
Capital Outlay:					
Other capital outlay	63,413	-	-	-	63,413
Debt Service:					
Repayment of principal on loans and leases	-	-	69,185	-	69,185
Interest	-	-	179,881	-	179,881
Total Expenditures	2,592,584	831,605	249,066	65,878	3,739,133
Excess/(Deficit) of revenues over expenditures	409,158	(208,547)	(248,268)	248,920	201,263
Other financing sources:					
Transfers from capital projects fund for debt service	-	-	248,657	(248,657)	-
Advance to Odyssey Charter School Capital Projects Fund	-	-	-	(94,130)	(94,130)
Proceeds from Paycheck Protection Program	-	209,443	-	-	209,443
Transfers in and (out)	(137,237)	(896)	(713)	138,846	-
Net change in fund balance	271,921	-	(324)	44,979	316,576
Fund Balance at beginning of year	503,204	-	253,384	93,154	849,742
Fund Balance at end of year	\$ 775,125	\$ -	\$ 253,060	\$ 138,133	\$ 1,166,318

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

Odyssey Preparatory Academy
 (A charter school under Odyssey Charter School, Inc.)
 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance
 of Governmental Funds to the Statement of Activities
 For the year ended June 30, 2020

Net Change in Fund Balance - Governmental Funds \$ 316,576

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, their costs are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays of \$63,413 differed from depreciation expense of \$225,455 net of retirements. (162,042)

The proceeds from debt issuance provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which repayments of \$69,185 exceeded proceeds of \$209,443 in the current period. (140,258)

Increase in long term receivables is an expenditure in the governmental funds, but a decrease or collections of such receivables reduces long-term assets in the statement of net position. This is the amount by which increase in long-term receivables of \$94,130 differed from the collections in the current period of \$0. 94,130

Change in Net Position of Governmental Activities \$ 108,406

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

Note 1 – Summary of Significant Accounting Policies

Reporting Entity

Odyssey Preparatory Academy (the "School"), is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not-for-Profit Corporation Act. The governing body of the School is the board of directors of the not-for-profit corporation, which is composed of four members. The School operates under a charter granted by the sponsoring district, the District School Board of Brevard County (the "District"). The current charter expires on June 30, 2023 and is renewable for an additional term pursuant to law or by mutual written agreement between the School and the District. During the term of the charter, the District may terminate the charter if good cause is shown. The School is considered a component unit of such District. The School is located in Palm Bay, Florida for students from kindergarten through sixth grades and is funded by the District. These financial statements are for the year ended June 30, 2020, during which 408 students were enrolled for the school year.

Basis of Presentation

The School's accounting policies conform to accounting principles generally accepted in the United States as applicable to state and local governments. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

Government-wide and Fund Financial Statements

Government-wide Financial Statements

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

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees; (2) operating grants such as the National School Lunch Program, Federal grants, and other state allocations; and (3) local and state capital grants specific to capital outlay. Other revenue sources not properly included with program revenues are reported as general revenues. In addition, revenues not classified as program revenues are shown as general revenues, which include Florida Education Finance Program (FEFP) revenues, and other miscellaneous sources.

Note 1 – Summary of Significant Accounting Policies (continued)

Deferred Outflows/Inflows of Resources

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

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

Fund Financial Statements

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

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

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

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

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

Measurement Focus and Basis of Accounting

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

The government-wide statements report using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Note 1 – Summary of Significant Accounting Policies (continued)

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

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

Budgets and Budgetary Accounting

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

Inter-fund Transfers

Outstanding balances between funds are reported as “due to/from” other funds. Inter-fund transfers are made to move any excess or shortage of funds derived from the National School Lunch Program from the Special Revenue Fund to the General Fund. Inter-fund transfers are also made between the General Fund, Debt Service and Capital Projects Fund. See Note 8.

Cash

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

Note 1 – Summary of Significant Accounting Policies (continued)

Due from Other Governments or Agencies

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

Long –Term Debt

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

Capital Assets

The School’s property, plant and equipment with useful lives of more than one year are stated at historical cost and comprehensively reported in the statement of net position in the government-wide financial statements. Donated capital assets are recorded at their estimated fair market value on the date donated. The School generally capitalizes assets with a cost of \$2,000 or more. Building improvements, additions and other capital outlays that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in the government-wide statements. Proceeds received from the disposal of capital assets are recorded as Other Financing Sources in the governmental funds. Estimated useful lives, in years, for depreciable assets are as follows:

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

Revenue Sources

Revenues for operations will be received primarily from the District pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Section 1002.33, Florida Statutes, the School will report the number of full-time equivalent (FTE) students and related data to the District. Under the provisions of Section 1011.62, Florida Statutes, the District reports the number of the full-time equivalent (FTE) students and related data to the Florida Department of Education (FDOE) for funding through the FEFP. Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the FEFP and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey periods. After review and verification of FTE reports and supporting documentation, the FDOE may adjust subsequent fiscal period allocations of FEFP funding for prior year errors disclosed by its review as well as to prevent statewide allocations from exceeding the amount authorized by the Legislature.

Note 1 – Summary of Significant Accounting Policies (continued)

Normally, such adjustments are treated as reductions of revenue in the year the adjustment is made.

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

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

Charges for Services

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

Compensated Absences

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

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

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

Note 1 – Summary of Significant Accounting Policies (continued)

Income Taxes

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

Subsequent Events

In accordance with GASB Codification Section 2250.106, the School has evaluated subsequent events and transactions for potential recognition or disclosure through August 28, 2020, which is the date the financial statements were available to be issued.

Restricted Assets

Restricted assets include cash and cash equivalents that are related to the amounts that the School is required to segregate in connection with the issuance of bonds, including sinking fund and reserve requirements, as well as amounts segregated for capital projects of the School. The Indenture of Trust requires the establishment of the Funds for the bonds and accounts within such funds, all of which shall be special trust funds and accounts held by Trustee. At June 30, 2020 the composition of restricted balances is as follows:

At June 30, 2020 the composition of restricted balances is as follows:

	<u>Odyssey Charter School</u>	<u>Odyssey Preparatory Academy</u>	<u>Total</u>
<u>Debt Service Fund</u>			
Sinking Fund-Series 2017	\$ 826,554	\$ 253,060	\$ 1,079,614
Total Debt Service Fund	\$ 826,554	\$ 253,060	\$ 1,079,614
<u>Reserve for Capital Projects</u>			
Funds held by Trustee-Series 2017	\$ 552,437	\$ 138,133	\$ 690,570
Total Reserves for Capital Projects	\$ 552,437	\$ 138,133	\$ 690,570

Net position and Fund balance classifications

Government-wide financial statements

Equity is classified as net position and displayed in three (3) components:

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

Note 1 – Summary of Significant Accounting Policies (continued)

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

Fund financial statements

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

- a) Nonspendable - includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Consists of fund balance associated with inventories, prepaid expenses, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned).
- b) Restricted - fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. Restricted balances of the School relate to the bond issue.
- c) Committed - fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School's Board of Directors. There are no committed fund balances at year end.
- d) Assigned - fund balance classification is intended to be used by the School's management for specific purposes but do not meet the criteria to be classified as restricted or committed. There are no assigned fund balances at year end.
- e) Unassigned - portion of the fund balance that has not been restricted, committed, or assigned for a specific purpose. This is the residual classification for the School's general fund.

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

Use of Estimates

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

Odyssey Preparatory Academy
(A Charter School under Odyssey Charter School, Inc.)
Notes to Financial Statements
June 30, 2020

Note 2 –Capital Assets

The following schedule provides a summary of changes in capital assets, acquired substantially with public funds, for the year ended June 30, 2020:

	Balance 07/01/19	Additions	Reclassification/ Retirements	Balance 06/30/20
Capital Assets:				
Land	\$ 676,578	\$ -	\$ -	\$ 676,578
Capital assets, depreciable:				
Buildings and improvements	2,774,206	5,683	(2,438)	2,777,451
Computer equipment and software	144,472	-	-	144,472
Furniture, equipment and textbooks	646,516	60,168	-	706,684
Total Capital Assets	<u>4,241,772</u>	<u>65,851</u>	<u>(2,438)</u>	<u>4,305,185</u>
Less: Accumulated Depreciation				
Building and improvements	(227,255)	(99,416)	-	(326,671)
Computer equipment and software	(127,950)	(14,375)	-	(142,325)
Furniture, equipment and textbooks	(309,732)	(111,664)	-	(421,396)
	<u>(664,937)</u>	<u>(225,455)</u>	<u>-</u>	<u>(890,392)</u>
Capital Assets, net	<u>\$ 3,576,835</u>	<u>\$ (159,604)</u>	<u>\$ (2,438)</u>	<u>\$ 3,414,793</u>

For the fiscal year ended June 30, 2020, depreciation expense is allocated in the Statement of Activities by function as follows:

Instruction	\$ 71,085
Instructional media	19,242
Food services	1,627
Operation of plant	132,918
School administration	583
Total Depreciation Expense	<u>\$ 225,455</u>

Note 3 – Management Agreement

The School uses a professional charter school management company to provide management and administrative services to the School including, but not limited to: facility design, staffing recommendations, human resource coordination, regulatory compliance, legal and corporate upkeep, maintenance of the books and records, bookkeeping, budgeting and financial reporting. The School contracted with Green Apple School Management, LLC. The agreement with Green Apple School Management, LLC is for a period of five years through June 30, 2023 unless terminated, modified or renewed by the parties. The agreement between the School and the management company called for a fee of \$700 per full time equivalent (FTE) student for the school year ended June 30, 2020. During the year ended June 30, 2020, the School incurred \$284,900 in management fees.

Note 3 – Management Agreement (continued)

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

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

The School made a non-interest-bearing advance during the year to an affiliate. The following schedule provides a summary of changes in long-term receivables with other divisions of Odyssey Charter School for the year ended June 30, 2020.

	<u>Balance</u> <u>July 01, 2019</u>	<u>Advances</u>	<u>Repayments</u>	<u>Balance</u> <u>June 30, 2020</u>
Long-term Receivables				
Odyssey Charter School	\$ -	\$ 94,130	\$ -	\$ 94,130
	<u>\$ -</u>	<u>\$ 94,130</u>	<u>\$ -</u>	<u>\$ 94,130</u>

Pursuant to the Charter School contract with the District, the District withholds an administrative fee of 5% of the qualifying revenues of the School. For the year ended June 30, 2020, administrative fees withheld by the School District totaled \$91,124.

Note 5 – Deposits Policy and Credit Risk

It is the School’s policy to maintain its cash and cash equivalents in major banks and in high grade investments. As of June 30, 2020, the carrying amount of the School’s deposits was \$1,130,831 and the respective bank balances totaled \$1,259,267.

Deposits at FDIC-insured institutions are insured up to \$250,000 per depositor, per financial institution. The School is a charter school under Odyssey Charter School, Inc. which also operates various other charter schools. All bank accounts are opened under the account ownership of Odyssey Charter School, Inc. therefore, bank balances at times may potentially be in excess of FDIC coverage. As of June 30, 2020, bank balances in potential excess of FDIC coverage totaled approximately \$1,260,000, including restricted funds.

Note 6 – Commitments, Contingencies and Concentrations

Contingencies and Concentrations

The School receives substantially all of its funding from the District under the Florida Education Finance Program (FEFP), which is based in part on a computation of the number of full-time equivalent (FTE) students attending different instructional programs. The accuracy of FTE student data submitted by individual schools and used in the FEFP computations is subject to audit by the state and, if found to be in error, could result in refunds to the state or in decreases to future funding allocations. Additionally, the School receives various federal, state, and local funds which is subject to financial and compliance audits. It is the opinion of management that the amount of revenue, if any, which may be remitted back to the state due to errors in the FTE student data or the amount of expenditures which may be disallowed by grantor agencies would not be material to the financial position of the School.

Note 6 – Commitments, Contingencies and Concentrations (continued)

Novel Coronavirus (COVID-19)

On January 21, 2020, the Centers for Disease Control and Preventions (CDC) confirmed the first case of 2019 Novel Coronavirus (COVID-19) in the United States. Pursuant to local emergency orders, the School converted to distance learning on March 13, 2020 for the remainder of the school year. As a result of these extraordinary circumstances, the Coronavirus Aid, Relief, and Economic Security Act, also known as the CARES Act, a \$2.2 trillion economic stimulus bill, was passed by the 116th U.S. Congress and signed into law in March 2020.

Note 7 – Long Term Debt

Revenue Bond

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

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

Odyssey Preparatory Academy
(A Charter School under Odyssey Charter School, Inc.)
Notes to Financial Statements
June 30, 2020

Note 7 – Long Term Debt (continued)

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

Series 2017A Bonds:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Debt Service</u>
2021	\$ 255,000	\$ 822,875	\$ 1,077,875
2022	265,000	810,525	1,075,525
2023	280,000	797,581	1,077,581
2024	295,000	783,925	1,078,925
2025	305,000	769,675	1,074,675
2026-2030	1,780,000	3,604,628	5,384,628
2031-2035	2,315,000	3,067,590	5,382,590
2036-2040	3,040,000	2,350,691	5,390,691
2041-2045	3,995,000	1,392,739	5,387,739
2046-2048	2,980,000	251,900	3,231,900
	<u>\$ 15,510,000</u>	<u>\$ 14,652,129</u>	<u>\$ 30,162,129</u>

Capital Leases

The School leases certain office, kitchen, and transportation equipment under capital leases with a gross value of \$62,265 recorded in fixed assets and accumulated depreciation totaling \$51,797 which is recorded to instruction. The assets and liabilities under the capital leases are recorded at the lower of the present value of the future minimum lease payments or the fair value of the assets. Minimum future lease payments under such leases are as follows:

<u>Year ending</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 8,802	\$ 334
2022	2,483	31
Total future minimum payments	<u>\$ 11,285</u>	<u>\$ 365</u>

Total interest expense as of June 30, 2020 was \$179,881.

Paycheck Protection Program Loan

On April 20, 2020, Odyssey Charter School, Inc., was granted a loan from a financial institution in the aggregate amount of \$2,162,200, pursuant to the Paycheck Protection Program (the “PPP”) under Division A, Title I of the CARES Act, which was enacted March 27, 2020.

Odyssey Preparatory Academy
(A Charter School under Odyssey Charter School, Inc.)
Notes to Financial Statements
June 30, 2020

Note 7 – Long Term Debt (continued)

The loan, which was in the form of a note dated April 20, 2020 issued by Odyssey Charter School, Inc., matures on April 20, 2022 and bears interest at a rate of 1.00% per annum, payable monthly commencing on November 5, 2020 with interest accruing during the deferral period (April 20, 2020 – November 5, 2020). The Note may be prepaid at any time prior to maturity with no prepayment penalties. Funds from the loan may only be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent, utilities, and interest on other debt obligations incurred before February 15, 2020. The loan proceeds were allocated to the School, Odyssey Charter School and Odyssey Charter School, Inc., based on average payroll. The School used 100% of the loan proceeds of \$209,443 allocated as of June 30, 2020 for payroll. Under the terms of the PPP, certain amounts of the loan may be forgiven if they are used for qualifying expenses as described in the CARES Act.

Future total debt service requirements related to the promissory note are as follows as of June 30, 2020:

Year ending	Principal	Interest
2021	\$ 957,890	\$ 22,445
2022	1,204,310	5,519
Total	<u>\$ 2,162,200</u>	<u>\$ 27,964</u>

The composition of long-term debt as of June 30, 2020 is as follows:

	Balance July 01, 2019	Additions	Reductions	Balance June 30, 2020
Bond Payable	\$ 3,842,486	\$ -	\$ (51,552)	\$ 3,790,934
Note Payable-PPP	-	209,443	-	209,443
Capital Leases	28,918	-	(17,633)	11,285
	<u>\$ 3,871,404</u>	<u>\$ 209,443</u>	<u>\$ (69,185)</u>	<u>\$ 4,011,662</u>

Note 8 – Interfund Transfers and Balances

Interfund transfers are as follows:

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund
To transfer lunch surplus to General Fund	\$ 896	\$ (896)	\$ -	\$ -
To fund debt service fund for principal and interest payments	-	-	248,657	(248,657)
Transfer restricted funds from the General Fund to Capital Projects Fund	(138,133)	-	-	138,133
Transfer interest income from Debt Service Fund to Capital Projects Fund	-	-	(713)	713
Total Transfers, net	<u>\$ (137,237)</u>	<u>\$ (896)</u>	<u>\$ 247,944</u>	<u>\$ (109,811)</u>

Odyssey Preparatory Academy
(A Charter School under Odyssey Charter School, Inc.)
Notes to Financial Statements
June 30, 2020

Note 8 – Interfund Transfers and Balances (continued)

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

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund
Due to General Fund from Capital Projects Fund for capital outlay	\$ 21,619	\$ -	\$ -	\$ (21,619)
Due to General Fund from Special Revenue Fund for Title I	37,239	(37,239)	-	-
Due to General Fund from Special Revenue Fund for Title II	1,981	(1,981)	-	-
Total Due from/(Due to)	<u>\$ 60,839</u>	<u>\$ (39,220)</u>	<u>\$ -</u>	<u>\$ (21,619)</u>

Note 9 – Risk Management

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

Note 10 – Defined Contribution Retirement Plan

The School sponsors a defined contribution plan for all full-time employees working 35 hours or more a week and who have been employed for at least one year. The plan permits voluntary contributions from employees, based on a salary reduction agreement, and provides a matching contribution up to 3% of the employee’s compensation, after one year of employment. The School contributed to the Plan \$15,132 for the year ended June 30, 2020.

Note 11 – Subsequent Events

The ongoing spread of the new COVID-19 has become a threat to the global economy and financial markets. As a result of the pandemic, the School will begin the 2020-2021 school year with a combined model that offers parents the option to choose between distance learning or onsite learning. The ultimate effect of COVID-19 on the School and its future operations cannot presently be determined.

As of August 28, 2020, Odyssey Charter School, Inc. allocated an additional \$140,084 of PPP funding to the School; all of which as used for payroll.

REQUIRED SUPPLEMENTARY INFORMATION

Odyssey Preparatory Academy
(A charter school under Odyssey Charter School, Inc.)
Statement of Revenues, Expenditures, and Changes in Fund Balance - General Fund
For the year ended June 30, 2020

	General Fund		
	Original Budget	Final Budget	Actual
REVENUES			
State passed through local	\$ 2,962,998	\$ 2,999,275	\$ 2,999,271
Other revenues	4,520	2,470	2,471
Total Revenues	2,967,518	3,001,745	3,001,742
EXPENDITURES			
Current:			
Instruction	1,571,092	1,377,460	1,377,461
Student support services	500	1,160	1,161
Instructional media services	1,100	1,750	1,757
Instructional and curriculum development services	-	11,925	11,924
Instructional staff training services	4,000	3,550	3,544
Instructional related technology	46,091	40,760	40,760
School administration	706,881	690,340	690,639
Fiscal services	45,610	44,950	44,951
Pupil transportation services	135,000	130,660	130,663
Operation of plant	254,418	184,825	184,825
Maintenance of plant	31,500	14,400	14,407
Community services	-	27,000	27,079
Total current expenditures	2,796,192	2,528,780	2,529,171
Excess of revenues over current expenditures	171,326	472,965	472,571
Capital outlay:			
Other capital outlay	64,591	63,415	63,413
Total Capital outlay and debt service expenditures	64,591	63,415	63,413
Total expenditures	2,860,783	2,592,195	2,592,584
Excess/(Deficit) of revenues over expenditures	106,735	409,550	409,158
Other financing sources:			
Transfers in and (out)	(135,000)	(137,250)	(137,237)
Net change in fund balance	(28,265)	272,300	271,921
Fund balance at beginning of year	503,204	503,204	503,204
Fund balance at end of year	\$ 474,939	\$ 775,504	\$ 775,125

Notes to Budgetary Comparison Schedule

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

Odyssey Preparatory Academy
(A charter school under Odyssey Charter School, Inc.)
Statement of Revenues, Expenditures, and Changes in Fund Balance -Special Revenue Fund
For the year ended June 30, 2020

	Special Revenue Fund		
	Original Budget	Final Budget	Actual
REVENUES			
Federal sources	\$ 390,870	\$ 414,775	\$ 414,775
Federal lunch program	298,000	194,850	194,842
Charges for services	14,500	13,445	13,441
Total Revenues	703,370	623,070	623,058
EXPENDITURES			
Current:			
Instruction	142,235	347,725	347,717
Student support services	52,740	50,975	50,977
Instructional and curriculum development services	167,482	153,275	153,276
Instructional staff training services	9,500	7,825	7,817
Instructional related technology	16,293	27,275	27,273
School administration	-	30,190	30,194
Food services	312,500	207,415	207,412
Pupil transportation services	2,620	1,240	1,240
Operation of plant	-	5,700	5,699
Total current expenditures	703,370	831,620	831,605
Excess of revenues			
Over current expenditures	-	(208,550)	(208,547)
Capital outlay:			
Other capital outlay	-	-	-
Total expenditures	703,370	831,620	831,605
Excess/(Deficit) of revenues over expenditures	-	(208,550)	(208,547)
Other financing sources:			
Proceeds from Paycheck Protection Program	-	209,450	209,443
Transfers in and (out)	-	(900)	(896)
Net change in fund balance	-	-	-
Fund balance at beginning of year	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ -

Notes to Budgetary Comparison Schedule

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

Odyssey Preparatory Academy

(A charter school under Odyssey Charter School, Inc.)

Statement of Revenues, Expenditures, and Changes in Fund Balance - Debt Service Fund

For the year ended June 30, 2020

	Debt Service Fund		
	Original Budget	Final Budget	Actual
REVENUES			
Other revenues	\$ 800	\$ 800	\$ 798
Total Revenues	800	800	798
EXPENDITURES			
Current:			
Instruction	-	-	-
Total current expenditures	-	-	-
Excess of revenues	-	-	-
Over current expenditures	800	800	798
Capital outlay:			
Other capital outlay	-	-	-
Debt service:			
Repayment of principal	69,175	69,175	69,185
Interest	179,880	179,880	179,881
Total Capital Outlay and Debt Service Expenditures	249,055	249,055	249,066
Excess/(Deficit) of revenues over expenditures	(248,255)	(248,255)	(248,268)
Other financing sources:			
Transfers from capital projects fund for debt service	248,655	248,655	248,657
Transfers in and (out)	(715)	(715)	(713)
Net change in fund balance	(315)	(315)	(324)
Fund balance at beginning of year	253,384	253,384	253,384
Fund balance at end of year	\$ 253,069	\$ 253,069	\$ 253,060

Notes to Budgetary Comparison Schedule

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

Odyssey Preparatory Academy
(A charter school under Odyssey Charter School, Inc.)
Statement of Revenues, Expenditures, and Changes in Fund Balance - Capital Projects Fund
For the year ended June 30, 2020

	Capital Projects Fund		
	Original Budget	Final Budget	Actual
REVENUES			
State capital outlay funding	\$ 312,500	\$ 314,530	\$ 314,535
Other revenue	265	265	263
Total Revenues	312,765	314,795	314,798
EXPENDITURES			
Current:			
Operation of plant	65,878	65,878	65,878
Maintenance of plant	-	-	-
Total current expenditures	65,878	65,878	65,878
Excess of revenues Over current expenditures	246,887	248,917	248,920
Capital outlay:			
Other capital outlay	-	-	-
Total expenditures	65,878	65,878	65,878
Excess of revenues Over expenditures	246,887	248,917	248,920
Other financing sources:			
Transfers from capital projects fund for debt service	(248,660)	(248,660)	(248,657)
Advance to Odyssey Charter School Capital Projects Fund	-	(94,130)	(94,130)
Transfers in/(out)	138,850	138,850	138,846
Net change in fund balance	137,077	44,977	44,979
Fund balance at beginning of year	\$ 93,154	\$ 93,154	\$ 93,154
Fund balance at end of year	\$ 230,231	\$ 138,131	\$ 138,133

Notes to Budgetary Comparison Schedule

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



INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors of
Odyssey Preparatory Academy
Palm Bay, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Odyssey Preparatory Academy (the “School”) as of, and for the year ended June 30, 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 August 28, 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School’s internal control. Accordingly, we do not express an opinion on the effectiveness of the School’s internal control.

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

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

Compliance and Other Matters

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

We issued a separate management letter dated August 28, 2020 pursuant to Chapter 10.850, Rules of the Auditor General.

Purpose of this report

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



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
August 28, 2020



MANAGEMENT LETTER

Board of Directors of
Odyssey Preparatory Academy
Palm Bay, Florida

Report on the Financial Statements

We have audited the financial statements of Odyssey Preparatory Academy, Florida as of and for the fiscal year ended June 30, 2020 and have issued our report thereon dated August 28, 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 Reporting Requirements

We have conducted our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in those reports, which are dated August 28, 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 findings and recommendations made in the preceding annual financial audit report.

Official Title

Section 10.854.(1)(e)5., Rules of the Auditor General, requires 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 of the entity are Odyssey Preparatory Academy, 6541.

Financial Condition and Management

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

Pursuant to Sections 10.854(1)(e)6.a and 10.855(12), Rules of the Auditor General, we applied financial condition assessment procedures for Odyssey Preparatory Academy. It is management's responsibility to monitor Odyssey Preparatory Academy's financial condition, and our financial condition assessment was based in part on representations made by management and 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 Odyssey Preparatory Academy maintains on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that Odyssey Preparatory Academy maintained on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes.

Additional Matters

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

Purpose of this Letter

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



Coral Gables, Florida
August 28, 2020

CERTIFIED PUBLIC ACCOUNTANTS