

**Pineapple Cove Classical
Academy at West Melbourne, Inc.**

**Basic Financial Statements and
Supplemental Information**

June 30, 2020

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Pineapple Cove Classical Academy at West Melbourne, Inc.
West Melbourne, Florida

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and aggregate remaining fund information of Pineapple Cove Classical Academy at West Melbourne, Inc. (the "School") a component unit of the School District of Brevard 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 the 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.

Auditors' 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 the *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 auditors' 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 aggregate remaining fund information of the School as of June 30, 2020, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and the budgetary comparison schedules information on pages 3-7 and 27-29 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 October 9, 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.

Moss, Krusick & Associates, LLC

Winter Park, Florida

October 9, 2020, except for Note C, as to which the date is February 10, 2021

Management's Discussion and Analysis

As management of Pineapple Cove Classical Academy at West Melbourne, Inc. (the "School"), a component unit of the School District of Brevard County, Florida (the "District"), we offer readers of the School's financial statements this narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2020 to (a) assist the reader in focusing on significant financial issues, (b) provide an overview and analysis of the School's financial activities, (c) identify changes in the School's financial position, (d) identify material deviations from the approved budget, and (e) highlight significant issues in individual funds.

Because the information contained in the Management's Discussion and Analysis (MD&A) is intended to highlight significant transitions, events, and conditions, it should be considered in conjunction with the Basic Financial Statements found starting on page 8.

Financial Highlights

- The School's overall net position decreased by \$280,781.
- Total ending unrestricted net position (deficit) was (\$289,995).
- The School had total expenses for the year of \$5,101,302, compared to revenues of \$4,820,521.
- During the current fiscal year, the School secured \$495,000 loan under the Paycheck Protections Program ("PPP") established by the Coronavirus Aid Relief, and Economic Security Act ("CARES Act").
- The year ended June 30, 2020 was the School's second year of instruction during which the School educated 597 students, serving grades K-5, compared to 474 students for the prior year.

Overview of the Basic 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 comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements. The first financial statement is the Statement of Net Position. This statement includes all of the School's assets and liabilities using the accrual basis of accounting. Accrual accounting is similar to the accounting used by most private-sector companies. All of the current year revenues and expenses are recorded, regardless of when cash is received or paid, net position, the difference between assets and liabilities, can be used to measure the School's financial position.

The second financial statement is the Statement of Activities. This statement is also shown using the accrual basis of accounting. It shows the increases and decreases in net position during the fiscal year. Over time, the increases or decreases in net position are useful indicators of whether the School's financial health is improving or deteriorating. However, other non-financial factors, such as enrollment levels or changes in state funding, must also be considered when assessing the overall health of the School.

In these statements, all of the School's activities are considered to be governmental activities. The School has no business-type activities, which are generally financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements. Following the government-wide financial statements are the fund 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 state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The School maintains three individual governmental funds, the General Fund, Special Revenue Fund, and Debt Service Fund. These funds are considered to be major funds and, accordingly, they are separately displayed.

Governmental funds. Governmental funds are accounted for using modified accrual accounting. Modified accrual accounting focuses on available cash and other financial assets that can readily be converted to cash. This provides a shorter-term view of the fund's financial position. A reconciliation is provided with these statements, which helps to explain the differences between the fund financial statements and the government-wide financial statements.

The School adopts an annual appropriated budget for its operations. Budgetary comparison statements with required notes have been provided to demonstrate compliance with this budget and can be found on pages 27-29 of this report.

The basic governmental fund financial statements can be found on pages 10-13 of this report.

Notes to the financial statements. The notes 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 starting on page 14 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve, over time, as a useful indicator of the School's financial position. In the case of the School, liabilities exceeded assets by \$1,903,831 at June 30, 2020, compared to \$1,623,050 at June 30, 2019.

Comparison of the condensed statement of net position and the statement of activities are provided below:

The School's net position were as follows:

	Governmental Activities		
	2020	2019	Change
Assets			
Current assets	\$ 842,432	\$ 179,051	\$ 663,381
Capital assets and other assets, net of accumulated depreciation	11,282,820	11,571,202	(288,382)
Total assets	12,125,252	11,750,253	374,999
Liabilities			
Current liabilities	278,633	164,767	113,866
Non-current liabilities	13,750,450	13,208,536	541,914
Total liabilities	14,029,083	13,373,303	655,780
Net position (deficit)			
Investment in capital assets	(1,972,630)	(1,637,334)	(335,296)
Restricted	358,794	4,376	354,418
Unrestricted (deficit)	(289,995)	9,908	(299,903)
Total net position	\$ (1,903,831)	\$ (1,623,050)	\$ (280,781)

The School's change in net position was as follows:

	Governmental Activities		
	2020	2019	Change
Revenues:			
Program revenues:			
Operating grants & contributions	\$ -	\$ 423,344	\$ (423,344)
National School Lunch Program	55,081	47,049	8,032
General revenues:			
Florida Education Finance Program	4,167,447	3,304,094	863,353
Best and Brightest Program	56,882	22,038	34,844
Florida Teacher's Lead Program	10,669	8,612	2,057
IDEA funds	6,019	7,274	(1,255)
Other local revenue	447,791	342,898	104,893
Other revenue	76,632	105,800	(29,168)
Total revenue	<u>4,820,521</u>	<u>4,261,109</u>	<u>559,412</u>
Program expenses:			
Instruction	2,161,027	1,967,305	193,722
Exceptional instruction	206,088	166,618	39,470
Instructional media services	-	804	(804)
Staff development	4,900	20,353	(15,453)
Instruction related tech	34,969	29,929	5,040
Board expenses	419,617	317,714	101,903
General administration	508,048	606,730	(98,682)
General support	-	10,679	(10,679)
Facility and acquisition	-	4,435	(4,435)
Food services	148,151	143,775	4,376
Operation of plant	510,145	479,650	30,495
Maintenance of plant	4,488	4,630	(142)
Community service	88,205	65,260	22,945
Interest and amortization	930,677	823,637	107,040
Bond issuance fees	-	28,180	(28,180)
Proprietary and fiduciary expense	84,987	87,454	(2,467)
Total expenses	<u>5,101,302</u>	<u>4,757,153</u>	<u>344,149</u>
Change in net position	(280,781)	(496,044)	215,263
Net position (deficit) - beginning	<u>(1,623,050)</u>	<u>(1,127,006)</u>	<u>(496,044)</u>
Net position (deficit) - ending	<u>\$ (1,903,831)</u>	<u>\$ (1,623,050)</u>	<u>\$ (280,781)</u>

As it was the School's second year of instruction, there was an increase in overall revenues and expenses for the 2019-2020 school year due to the increased number of students of 597 in the current year from 474 in the previous year. This increase in students caused instruction to increase due to the needs of the additional students and year two of the bonds saw an increase in bond interest and amortization.

Governmental Activities. The governmental activities generated \$55,081 in program revenues and \$4,765,440 of general revenues, and incurred \$5,101,302 of program expenses. This resulted in a \$280,781 decrease in net position.

The School's Individual Funds

General Fund. The fund balance of the General Fund increased by \$195,097 from \$9,908 to \$205,005 which includes net transfers of (\$682,081).

Special Revenue Fund. The fund balance of the Special Revenue Fund remained at \$-0- which means all special revenues were funded and spend during the same period.

Debt Service Fund. The fund balance of the Debt Service Fund increased by \$354,418 from \$4,376 to \$358,794, which includes PPP loan funds of \$495,000 and transfers of \$743,181 less interest payments of \$883,703.

Budgetary Highlights

General Fund. During the second year of instruction, actual revenues exceeded originally budgeted revenues by \$329,148, and the School instructed 597 FTE's during the year compared to 474 FTE's for the prior year. Actual expenditures were more than originally budgeted expenditures by \$497,179 due to the additional teachers and supplies needed for the increase in the number of students during the year. The Board of Directors amends the School's budget throughout the fiscal year to reflect changes in expected revenue and expenditures and changes in FTE counts. The Board of Directors has approved a motion to adjust the 2020 general fund budget to the actual 2020 general fund year-end financials. Thus, the final approved general fund budget is equal to the general fund statements of revenues, expenditures, and changes in fund balances. The budgetary information can be found on pages 27 through 29 of this report.

Capital Assets and Debt Administration

Capital Assets. The School's investment in capital assets for its governmental activities as of June 30, 2020, amounts to \$11,282,820 (net of accumulated depreciation). This investment in capital assets includes a building and fixed equipment, furniture, fixtures and equipment, and computer hardware. Additional information on the School's Capital assets can be found in Note B of the Notes to the Financial Statements.

Debt Administration. The School financed the construction of its facilities through issuance of 2018A and 2018B revenue bonds. The bonds mature during the years ended June 2024 and 2052, respectively, and require monthly principal and interest payments. The School received new debt proceeds in relation to PPP funds during the year, which are expected to be forgiven in fiscal 2021. Additional information on the School's long-term debt can be found in Note C of the Notes to the Financial Statements.

Economic Factors

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.

For fiscal year 2020, 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 budgeted. All other expenditures are budgeted in alignment with enrollment changes and the School's strategic objectives.

The School is aware that the COVID-19 outbreak is expected to have an effect on the School's financial position and results of operations. See the subsequent event footnote for further information

Contacting the School's Financial Management

This financial report is designed to provide a general overview of the School's finances and to show the School's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Kelly Gunter, Pineapple Cove Classical Academy at West Melbourne, Inc., 3455 Norfolk Pkwy, West Melbourne, Florida 32904.

Pineapple Cove Classical Academy at West Melbourne, Inc.

STATEMENT OF NET POSITION (DEFICIT)

June 30, 2020

	<u>Governmental Activities</u>
ASSETS	
CURRENT ASSETS	
Cash	\$ 450,540
Restricted cash	358,794
Due from other school	6,715
Prepaid items	25,618
Deposits	<u>765</u>
Total current assets	842,432
Capital assets, net	<u>11,282,820</u>
Total assets	<u>12,125,252</u>
LIABILITIES AND NET POSITION (DEFICIT)	
CURRENT LIABILITIES	
Accrued payroll	224,435
Accounts payable, including \$35,700 to related parties	<u>54,198</u>
Total current liabilities	278,633
NONCURRENT LIABILITIES	
Due in one year, long-term debt	385,535
Due in more than one year, long-term debt	<u>13,364,915</u>
Total liabilities	<u>14,029,083</u>
NET POSITION (DEFICIT)	
Investment in capital assets, net of related debt	(1,972,630)
Restricted - debt service	358,794
Unrestricted	<u>(289,995)</u>
Total net position (deficit)	<u>\$ (1,903,831)</u>

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

Pineapple Cove Classical Academy at West Melbourne, Inc.

STATEMENT OF ACTIVITIES

Year Ended June 30, 2020

Functions/ Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Instruction	\$ 2,161,027	\$ -	\$ -	\$ -	\$ (2,161,027)
Exceptional instruction	206,088	-	-	-	(206,088)
Staff development	4,900	-	-	-	(4,900)
Instruction related tech	34,969	-	-	-	(34,969)
Board expenses	419,617	-	-	-	(419,617)
General administration	508,048	-	-	-	(508,048)
Food services	148,151	-	55,081	-	(93,070)
Operation of plant	510,145	-	-	-	(510,145)
Maintenance of plant	4,488	-	-	-	(4,488)
Community service	88,205	-	-	-	(88,205)
Interest and amortization	930,677	-	-	-	(930,677)
Proprietary and fiduciary expense	84,987	-	-	-	(84,987)
Total governmental activities	<u>\$ 5,101,302</u>	<u>\$ -</u>	<u>\$ 55,081</u>	<u>\$ -</u>	<u>(5,046,221)</u>
General revenues:					
State passed through local school district					4,234,998
Federal passed through state					
IDEA funds					6,019
Other local revenue					447,791
Other revenue					76,632
Total general revenues					<u>4,765,440</u>
Change in net position					(280,781)
Net position (deficit) at July 1, 2019					<u>(1,623,050)</u>
Net position (deficit) at June 30, 2020					<u>\$ (1,903,831)</u>

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

Pineapple Cove Classical Academy at West Melbourne, Inc.

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2020

	General	Special Revenue	Debt Service	Total Governmental Funds
ASSETS				
Cash	\$ 450,540	\$ -	\$ -	\$ 450,540
Restricted cash	-	-	358,794	358,794
Due from other school	6,715	-	-	6,715
Prepaid items	25,618	-	-	25,618
Deposits	765	-	-	765
Total assets	<u>\$ 483,638</u>	<u>\$ -</u>	<u>\$ 358,794</u>	<u>\$ 842,432</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accrued payroll	\$ 224,435	\$ -	\$ -	\$ 224,435
Accounts payable, including \$35,700 to related parties	54,198	-	-	54,198
Total liabilities	<u>278,633</u>	<u>-</u>	<u>-</u>	<u>278,633</u>
FUND BALANCES				
Nonspendable				
Prepaid items	25,618	-	-	25,618
Deposits	765	-	-	765
Restricted				
Debt service	-	-	358,794	358,794
Unassigned	178,622	-	-	178,622
Total fund balances	<u>205,005</u>	<u>-</u>	<u>358,794</u>	<u>563,799</u>
Total liabilities and fund balances	<u>\$ 483,638</u>	<u>\$ -</u>	<u>\$ 358,794</u>	<u>\$ 842,432</u>

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

Pineapple Cove Classical Academy at West Melbourne, Inc.
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION (DEFICIT)

June 30, 2020

Fund balances - total governmental funds	\$	563,799
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The net position reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. Those assets consist of:

Land	\$	950,000	
Buildings and fixed equipment, net of \$518,427 accumulated depreciation		10,226,752	
Furniture, fixtures and equipment, net of \$12,990 accumulated depreciation		34,514	
Computer hardware, net of \$40,246 accumulated depreciation		<u>71,554</u>	
Total capital assets			11,282,820

Long-term liabilities, including bonds payable and bond discounts are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds payable	(14,060,000)		
Bond discount, net of accumulated amortization	804,550		
PPP loan	<u>(495,000)</u>		<u>(13,750,450)</u>

Total net position (deficit) of governmental activities	\$	<u>(1,903,831)</u>
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The accompanying notes are an integral part of these financial statements.

Pineapple Cove Classical Academy at West Melbourne, Inc.

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

Year Ended June 30, 2020

	General	Special Revenue	Debt Service	Total Governmental Funds
Revenues				
State passed through local school district				
Florida Education Finance Program	\$ 4,167,447	\$ -	\$ -	\$ 4,167,447
Best and Brightest Teacher Scholarship Program	56,882	-	-	56,882
Other state revenues	10,669	-	-	10,669
Federal passed through state				
National School Lunch Program	-	55,081	-	55,081
IDEA funds	-	6,019	-	6,019
Local revenue				
Student lunches	128,667	-	-	128,667
Before and after care	201,684	-	-	201,684
Local sources	117,440	-	-	117,440
Other revenues	76,632	-	-	76,632
Total revenues	<u>4,759,421</u>	<u>61,100</u>	<u>-</u>	<u>4,820,521</u>
Expenditures				
Current:				
Instruction	2,129,911	-	-	2,129,911
Exceptional instruction	206,088	-	-	206,088
Staff development	4,900	-	-	4,900
Instruction related technology	34,969	-	-	34,969
Board expenses	419,617	-	-	419,617
General administration	508,048	-	-	508,048
Food services	151,682	-	-	151,682
Operation of plant	249,348	-	-	249,348
Maintenance of plant	4,488	-	-	4,488
Community service	88,205	-	-	88,205
Proprietary and fiduciary expense	84,987	-	-	84,987
Debt service:				
Interest	-	-	883,763	883,763
Total expenditures	<u>3,882,243</u>	<u>-</u>	<u>883,763</u>	<u>4,766,006</u>
Excess (deficiency) of revenues over (under) expenditures	<u>877,178</u>	<u>61,100</u>	<u>(883,763)</u>	<u>54,515</u>
Other financing sources (uses):				
Proceeds from loan	-	-	495,000	495,000
Transfer in	-	-	743,181	743,181
Transfer out	(682,081)	(61,100)	-	(743,181)
Total other financing sources (uses)	<u>(682,081)</u>	<u>(61,100)</u>	<u>1,238,181</u>	<u>495,000</u>
Net change in fund balances (deficits)	195,097	-	354,418	549,515
Fund balances at July 1, 2019	9,908	-	4,376	14,284
Fund balances at June 30, 2020	<u>\$ 205,005</u>	<u>\$ -</u>	<u>\$ 358,794</u>	<u>\$ 563,799</u>

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

Pineapple Cove Classical Academy at West Melbourne, Inc.

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES**

Year Ended June 30, 2020

Net change in fund balances (deficit) - total government funds \$ 549,515

The change in net position reported for governmental activities
in the statement of activities is different because:

Governmental funds report fixed capital outlays as expenditures. However,
in the statement of activities, the cost of those assets is allocated over their
estimated useful lives and reported as depreciation expense.

Current year expenditures for capital assets	\$ 14,821	
Current year depreciation expense	<u>(303,203)</u>	
Total capital assets		(288,382)

The issuance of long-term debt (e.g., bonds, notes payable) provides current
financial resources to governmental funds, while the repayment of the
principal of long-term debt consumes the current financial resources of
governmental funds. Neither transaction, however, has any effect on net
assets. Also, governmental funds report the effect of issuance costs,
premiums, discounts and similar items when debt is first issued, whereas
these amounts are deferred and amortized in the statement of activities.
These amounts are the net effect of these differences in the treatment of
long-term debt and related items:

Proceeds from PPP loan	(495,000)
Current year amortization of bond discount	<u>(46,914)</u>

Change in net position (deficit) of governmental activities \$ (280,781)

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

Pineapple Cove Classical Academy at West Melbourne, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE A - SUMMARY OF REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES

1. Reporting entity

Pineapple Cove Classical Academy at West Melbourne, Inc. is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not For Profit Corporation Act, and Section 1002.33, Florida Statutes. The not-for-profit was incorporated during July 2016 and began conducting business as of June 2017 as Pineapple Cove Classical Academy – North Campus, Inc. (the “School”), which is a component unit of the School District of Brevard County, Florida (the “District”). The governing body of the School is the not-for-profit corporation’s Board of Directors.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, the District. The current charter is effective until June 30, 2022, and may be renewed provided that a program review demonstrates that certain criteria addressed in Section 1002.33(7), Florida Statutes, have been successfully accomplished. At the end of the term of the charter, the District may choose not to renew the charter under grounds specified in the charter, in which case the District is required to notify the School in writing at least 90 days prior to the charter's expiration. Pursuant to Section 1002.33(8)(e), Florida Statutes, the charter school contract provides that in the event the School is dissolved or terminated, any unencumbered funds and all School property purchased with public funds automatically revert to the District. During the term of the charter, the District may also terminate the charter if good cause is shown. The School is considered a component unit of the District; therefore, for financial reporting purposes, the School is required to follow generally accepted accounting principles applicable to state and local governmental units.

Criteria for determining if other entities are potential component units of the School which should be reported with the School's basic financial statements are identified and described in the Governmental Accounting Standards Board's (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*, Sections 2100 and 2600. The application of these criteria provide for identification of any entities for which the School is financially accountable and other organizations for which the nature and significance of their relationship with the School are such that exclusion would cause the School's basic financial statements to be misleading or incomplete. Based on these criteria, no component units are included within the reporting entity of the School.

2. Government-wide financial statements

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

Pineapple Cove Classical Academy at West Melbourne, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

**NOTE A - SUMMARY OF REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES
(continued)**

2. Government-wide financial statements (continued)

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

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

3. Fund financial statements

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

The following funds are used by the School:

GOVERNMENTAL FUNDS

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

Special Revenue Fund - The special revenue fund is used to account for financial resources associated with grants that are restricted to operational uses – i.e., National School Lunch Program, Idea funds, etc.

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

In the accompanying fund financial statements, the general fund, special revenue fund, and debt service fund are considered to be major funds and, therefore, are separately displayed.

4. Measurement focus and basis of accounting

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

Pineapple Cove Classical Academy at West Melbourne, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE A - SUMMARY OF REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES
(continued)

4. Measurement focus and basis of accounting (continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when the related fund liability is incurred. However, debt service expenditures are recorded only when payment is due.

Most revenues are considered to be susceptible to accrual and have been measured in the current fiscal period. Certain other items are considered to be measurable and available only when cash is received.

5. Cash

Cash consists of deposits in financial institutions. At times, such deposits may be in excess of the Federal Deposit Insurance Corporation (FDIC) insurance limit. At June 30, 2020, there were \$214,758 held in excess of FDIC insurance coverage. The School has no history of loss due to exceeding coverage limitations. The School has no policy regarding deposit custodial credit risk.

6. Prepaid items

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

7. Capital assets and depreciation

Capital assets are defined by the School as assets with an initial, individual cost of \$2,000 or more and an estimated useful life of more than two years. These assets are recorded at historical cost. Donated capital assets are recorded at their acquisition value at the date of donation. Depreciable capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings and fixed equipment	10-40
Furniture, fixtures and equipment	5
Computer hardware	5

Pineapple Cove Classical Academy at West Melbourne, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE A - SUMMARY OF REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES
(continued)

8. Accrued payroll

Accrued payroll includes accrued payroll related expenses including unpaid vacation and sick time. Accrued payroll is recognized in the period the expenses are incurred for payroll.

9. Restricted assets

Certain proceeds of the School's revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position and balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants. The bond fund is used to account for the payment of principal and interest as these payments become due. The project fund is used to pay for issuing expenses and project costs. The debt service reserve fund is used to report resources set aside to provide additional security for the payment of principal and interest on the bonds as these payments become due.

10. Revenue recognition

Student funding is provided by the State of Florida through the School District. Such funding is recorded as State passed through local school district in the government-wide financial statements and fund financial statements and is net of the 5% administration fee retained by the School District. This funding is received on a prorate basis over the twelve month period and is adjusted for changes in full-time equivalent ("FTE") student population.

11. Revenue sources

Revenues for current operations are 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 Florida Statutes, the School reports the number of FTE students and related data to the District. Under the provisions of Florida Statutes, the District reports the number of FTE students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program. Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the Florida Educational Finance Program and the actual weighted FTE students reported by the School during the designated full-time equivalent student survey periods. The School also receives other financial assistance. This assistance is generally based on applications submitted to and approved by the granting agency.

12. Long-term liabilities

Long-term debt and other long-term obligations are reported in the government-wide financial statements. Long-term liabilities are not reported in the governmental funds because governmental funds use the current financial resources measurement focus.

13. Net position

Net position represents the difference between assets and liabilities and is reported in three categories as hereafter described. *Net investment in capital assets*, represents capital assets, net of accumulated depreciation and any outstanding debt related to those assets.

Pineapple Cove Classical Academy at West Melbourne, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

**NOTE A - SUMMARY OF REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES
(continued)**

13. Net position (continued)

Net position is reported as *restricted* when there are legal limitations imposed on its use by legislation, or external restrictions imposed by other governments, creditors, or grantors. *Unrestricted* net position is net position that does not meet the definition of the classifications previously described. When both restricted and unrestricted resources are available for use, it is the School's policy to use restricted resources first, and then unrestricted resources as they are needed.

14. Fund equity

Governmental funds report separate classifications of fund balance.

Non-Spendable: The non-spendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted: The restricted fund balance is defined as having restrictions (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed: Committed fund balance is defined as amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the School's Board of Directors.

Assigned: Assigned fund balance is defined as amounts that are constrained by the intent of the School's Board of Directors to be used for specific purposes, but are neither restricted nor committed. The School has given the authority to assign fund balance to the School's Principal. Assigned fund balance includes spendable fund balance amounts established by the Principal that are intended to be used for specific purposes that are neither considered restricted or committed. Assignment of fund balance may be (a) made for a specific purpose that is narrower than the general purposes of the government itself; and/or (b) used to reflect the appropriation of a portion of existing unassigned fund balance to eliminate a projected deficit in the subsequent year's budget in an amount no greater than the projected excess of expected expenditures over expected revenues. Assigned fund balance shall reflect management's intended use of resources as set forth each year by the Principal. Assigned fund balance may or may not be appropriated for expenditure in the subsequent year depending on the timing of the project/reserve for which it was assigned.

Unassigned: Unassigned fund balance is the residual classification for the general fund. It is the policy of the School to use restricted resources to the extent which they are available, then committed resources, followed by assigned resources. Once these are consumed, the School will then use unassigned resources. The School does not have a formal policy requiring a minimum fund balance.

Pineapple Cove Classical Academy at West Melbourne, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

**NOTE A - SUMMARY OF REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES
(continued)**

15. Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make various estimates. Actual results could differ from those estimates.

16. Transfers

The purpose of interfund transfers is to cover receipts and payments made from the general fund on behalf of the other funds.

17. Income taxes

Pineapple Cove Classical Academy at West Melbourne, Inc. is a charter school, which qualifies as a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code, and is, therefore, exempt from income tax. Accordingly, no tax provision has been made in the accompanying financial statements.

Management has analyzed the School's various federal and state filing positions, including those pertaining to charter academy contracts and tax exempt status, and believes that its income tax filing positions and deductions are well documented and supported, and that no accruals for tax liabilities are necessary. Therefore, no reserves for uncertain income tax positions have been recorded. The School remains subject to the examination by the Internal Revenue Service for the three years prior to June 30, 2020.

18. New GASB pronouncements

The GASB issued Statement No. 84, Fiduciary Activities, which establishes criteria for the identification of fiduciary activities and provides guidance on reporting those activities. An activity meeting the criteria should be reported in a fiduciary fund. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. The new guidance is effective for fiscal 2021.

The GASB issued Statement No. 87, Leases, which establishes new guidance for lease accounting for lessees and lessors and eliminates the classification of leases into operating or capital leases. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right-to-use an underlying asset. Lessees will recognize a lease liability and an intangible right to use lease asset. Lessors will recognize a lease receivable and a deferred inflow of resources. The new guidance is effective for fiscal 2022.

The School is evaluating the effect of these new standards on its financial statements.

Pineapple Cove Classical Academy at West Melbourne, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE B - CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2020, was as follows:

	Balance at July 1, 2019	Additions	Deletions	Balance at June 30, 2020
Capital assets not being depreciated:				
Land	\$ 950,000	\$ -	\$ -	\$ 950,000
Capital assets depreciated:				
Buildings and fixed equipment	10,745,179	-	-	10,745,179
Furniture, fixtures and equipment	34,670	12,834	-	47,504
Computer hardware	109,813	1,987	-	111,800
Total assets depreciated	<u>10,889,662</u>	<u>\$ 14,821</u>	<u>\$ -</u>	<u>10,904,483</u>
Less accumulated depreciation:				
Buildings and fixed equipment	246,340	\$ 272,087	\$ -	518,427
Furniture, fixtures and equipment	4,234	8,756	-	12,990
Computer hardware	17,886	22,360	-	40,246
Total accumulated depreciation	<u>268,460</u>	<u>\$ 303,203</u>	<u>\$ -</u>	<u>571,663</u>
Total governmental activities capital assets, net	<u>\$11,571,202</u>			<u>\$11,282,820</u>

Depreciation expense is charged to functions of the School as follows for the year ended June 30, 2020:

Operation of plant	\$ 272,087
Basic instruction	31,116
	<u>\$ 303,203</u>

Pineapple Cove Classical Academy at West Melbourne, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE C - LONG-TERM DEBT

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

	Long-term obligations at July 1, 2019	Additions	Reductions	Long-term obligations at June 30, 2020
Revenue bonds:				
Series 2018A	\$ 13,580,000	\$ -	\$ -	\$ 13,580,000
Series 2018B	480,000	-	-	480,000
PPP loan	-	495,000	-	495,000
Subtotal	<u>14,060,000</u>	<u>495,000</u>	<u>-</u>	<u>14,555,000</u>
Unamortized bond discount:				
Series 2018A	(729,708)	-	22,166	(707,542)
Series 2018B	(121,756)	-	24,748	(97,008)
Subtotal	<u>(851,464)</u>	<u>-</u>	<u>46,914</u>	<u>(804,550)</u>
	<u>\$ 13,208,536</u>	<u>\$ 495,000</u>	<u>\$ 46,914</u>	<u>\$ 13,750,450</u>

The construction of the School's facility in 2018, was financed by the issuance of Series 2018A and 2018B bonds. Series 2018A totaled \$13,580,000 as an educational facilities revenue bond, maturing June 15, 2052, and carried interest of 6.25%. Series 2018B totaled \$480,000 as a taxable educational facilities revenue bond, maturing June 15, 2024, and carried interest of 7.75%.

The 2018 bond issuance included original issue discount and underwriter's discount totaling \$761,145 and \$156,855 for the Series 2018A and 2018B revenue bonds, respectively, which are not recognized in the fund level statements but are deferred and included in the government-wide statements against the face value of the debt. The bond discounts are amortized over the life of the debt through 2052 and 2024, respectively. Amortization expense of the discounts of \$46,914 for 2020 was charged against bond discount amortization. Accumulated amortization totaled \$113,450 at June 30, 2020.

The debt service requirements for the School's bonds are expected to be funded from operating revenues received from the State of Florida through the District. As mentioned in Note A-11, funding is based upon actual weighted FTE students reported by the schools during the designated FTE student survey periods.

Enrollment for the School during the 2019-2020 school year was 597 students. The number of students enrolled for the 2020-2021 school year is expected to increase.

Pineapple Cove Classical Academy at West Melbourne, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE C - LONG-TERM DEBT (continued)

On March 27, 2020, the Coronavirus Aid Relief, and Economic Security Act (“CARES Act”) was enacted in response to the COVID-19 outbreak. Under the CARES Act, the Paycheck Protection Program (“PPP”) was established to provide assistance to small businesses with resources needed to maintain payroll and cover applicable overhead. On April 28, 2020, the School, through a financial institution, was approved for and received a loan in the amount of \$495,000 under this program. The proceeds of this loan were used by the School solely for the following transactions as set forth in Section 1102 of the CARES Act: (a) payments of “payroll costs”, (b) cost related to the continuation of group healthcare benefits, during period of paid sick, medical or family leave and insurance premium, (c) employee salaries, commissions or similar compensation, (d) payments of interest on any mortgage obligation (which shall not include any prepayment of or payment of principal on a covered mortgage obligation), (e) payments on rent (including rent under a lease agreement), (f) utilities, and (g) interest on any other debt obligation that were incurred before the covered period. Management will seek forgiveness of the loan. As of the date of the financials, the forgiveness process is not complete. The unforgiven portion of the loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months.

The annual requirements to amortize all debt outstanding as of June 30, 2020 are as follows:

Years ending June 30,	Bond Principal	Bond Interest	PPP Loan	Total
2021	\$ 140,000	\$ 885,950	\$ 245,535	\$ 1,271,485
2022	150,000	875,625	249,465	1,275,090
2023	165,000	864,525	-	1,029,525
2024	175,000	852,338	-	1,027,338
2025	190,000	839,375	-	1,029,375
2026-2030	1,135,000	4,004,063	-	5,139,063
2031-2035	1,535,000	3,602,500	-	5,137,500
2036-2040	2,075,000	3,059,375	-	5,134,375
2041-2045	2,815,000	2,324,375	-	5,139,375
2046-2050	3,805,000	1,328,125	-	5,133,125
2051-2052	1,875,000	177,499	-	2,052,499
	<u>\$ 14,060,000</u>	<u>\$ 18,813,750</u>	<u>\$ 495,000</u>	<u>\$ 33,368,750</u>

One area that demonstrates the School’s future borrowing capability is its debt service coverage ratio. This ratio tests the debt coverage required with revenue available. The revenue bond loan agreement requires debt service coverage ratio of at least 1.10 to 1.00.

Pineapple Cove Classical Academy at West Melbourne, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE C - LONG-TERM DEBT (continued)

The debt service coverage ratio for the year ended June 30, 2020 was as follows:

Total adjusted net income	\$ 953,099
Maximum annual debt service	\$ 1,030,000
Debt service coverage ratio	0.93

Subsequent to October 9, 2020, the debt service coverage ratio calculation for the year ended June 30, 2020 was revised. The School did not meet the revised ratio; however, the bondholder representative waived the default for the year ended June 30, 2020.

Another ratio that demonstrates the School's ability to make debt service payments is the days cash on hand. The revenue bond loan agreement requires days cash on hand of 15 days for the year ended June 30, 2019 and five additional days each of the following fiscal years until the year ended June 30, 2023, at which time 45 days will be required for all future years.

The days cash on hand for the year ended June 30, 2020 was as follows:

Cash on hand	<u>\$ 471,282</u>
Total School operating expenses (cash basis)	<u>3,684,076</u>
Expenses per day	<u>10,093.36</u>
Days cash on hand	<u>46.69</u>

The School met the days cash on hand ratio as of June 30, 2020.

Pineapple Cove Classical Academy at West Melbourne, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE D - CONCENTRATIONS

Revenue sources

As stated in Note A-11, the School receives revenues for current operations primarily from the State of Florida through the District. The following is a schedule of revenue sources and amounts:

<u>Source</u>	<u>Amount</u>
School Board of Brevard County:	
FEFP	\$ 2,693,397
Safe schools	36,466
Mental health allocation	15,138
ESE guaranteed allocation	143,979
SAI	163,988
Reading allocation	25,249
Instructional materials	41,962
Library media materials	2,686
Discretionary millage	257,855
Discretionary compression	63,829
Funding compression allocation	15,599
Discretionary lottery	583
Digital classroom	2,438
Class size	712,619
Proration/Additional Allocation	(8,341)
Subtotal	<u>4,167,447</u>
IDEA funds	6,019
Best and Brightest Teacher Scholarship Program	56,882
Florida Teacher's Lead Program	10,669
Total from the School District of Brevard County	<u>4,241,017</u>
Other revenue:	
National School Lunch Program	55,081
Student lunches	128,667
Before and after care	201,684
Local sources	117,440
Other revenues	76,632
	<u><u>\$ 4,820,521</u></u>

The administration fee paid to the District during the year ended June 30, 2020, totaled \$87,213.

Pineapple Cove Classical Academy at West Melbourne, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE E - COMMITMENTS AND CONTINGENCIES

1. Management service contract

The School entered into a management service agreement with a management company in July 2017 to manage the School's day to day activities. The agreement spans the length of the charter contract with the District, as noted in Note A-1. The agreement has been amended several times. The current contract terminates the earlier of June 30, 2022 or the termination date of the charter if the district chooses to terminate them. The contract can be extended past its due dates by the Board of Directors.

The management company shall be paid consistent with the approved annual budget and the scheduled fees per the contract. The fee paid to the management company is payable in monthly installments at a rate of \$607 per FTE used for purposes of the Florida Education Finance Program funding the School. Current year management fees charged to operations totaled \$359,830.

2. Lease obligations

The School leases its copiers and IT equipment under operating lease arrangements expiring at various dates through 2023 including monthly payments ranging between \$500 and \$3,500. Future minimum lease payments for these operating leases are as follows:

<u>Years ending June 30,</u>		
2021	\$	74,698
2022		34,478
2023		<u>23,476</u>
	\$	<u><u>132,652</u></u>

NOTE F - RELATED PARTY TRANSACTIONS

The School utilizes several third-party companies for operational and facility acquisition needs which are under common control and are related parties of the School due to relationships with the President and founder (the "President") of the School.

1. Management company

A management company, which is controlled by the President, is responsible for organizing, developing, managing, staffing and operating the School. During the current year, the management company charged fees to the School for management services as described in Note E-1.

2. Development company

A development company was responsible for assisting in the acquisition of the School's facilities with the use of the revenue bonds described in Note C. For the year ended June 30, 2020, \$110,000 was paid to the development company through the President's due to/ from account to repay personal cash advances made to the School by the President.

Pineapple Cove Classical Academy at West Melbourne, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE F - RELATED PARTY TRANSACTIONS (continued)

3. Related charter school

The School has entered into various transactions including payroll, payroll related expenses, loans, employee health insurance, management fees, and other shared costs with a related school under common control. As of June 30, 2020, \$6,715 has been included in from other school for purchase of capital assets and payment of shared payroll costs.

4. President

The President has invested personal funds into the School (see Note F-2) for construction and development of the facilities. As of June 30, 2020, \$35,700 has been included in accounts payable related to these investments.

NOTE G - SUBSEQUENT EVENTS

In accordance with GASB Codification Section 2250.106, the School has evaluated subsequent events and transactions for potential recognition or disclosure through February 10, 2021 which is the date the financial statements were available be issued.

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the School’s financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the School is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2021.

REQUIRED SUPPLEMENTAL INFORMATION

Pineapple Cove Classical Academy at West Melbourne, Inc.

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL FUND**

Year Ended June 30, 2020

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
Revenues				
State passed through local school district				
Florida Education Finance Program	\$ 4,210,265	\$ 4,167,447	\$ 4,167,447	\$ -
Best and Brightest Teacher Scholarship Program	-	56,882	56,882	-
Other state revenues	-	10,669	10,669	-
Local revenue				
Student lunches	-	128,667	128,667	-
Before and after care	205,416	201,684	201,684	-
Local sources	14,592	117,440	117,440	-
Other revenue	-	76,632	76,632	-
Total revenues	4,430,273	4,759,421	4,759,421	-
Expenditures				
Current:				
Instruction	1,941,534	2,129,911	2,129,911	-
Exceptional instruction	144,708	206,088	206,088	-
Staff development	-	4,900	4,900	-
Instruction related tech	-	34,969	34,969	-
Board expenses	440,341	419,617	419,617	-
General administration	405,627	508,048	508,048	-
General support	59,787	-	-	-
Facility and acquisition	97,597	-	-	-
Food services	-	151,682	151,682	-
Operation of plant	217,519	249,348	249,348	-
Maintenance of plant	4,788	4,488	4,488	-
Community service	73,163	88,205	88,205	-
Proprietary and fiduciary expense	-	84,987	84,987	-
Total expenditures	3,385,064	3,882,243	3,882,243	-
Excess (deficiency) of revenues over (under) expenditures	1,045,209	877,178	877,178	-
Other financing sources (uses):				
Transfer out	(940,552)	(682,081)	(682,081)	-
Total other financing sources (uses)	(940,552)	(682,081)	(682,081)	-
Net change in fund balance	104,657	195,097	195,097	-
Fund balance at July 1, 2019	9,908	9,908	9,908	-
Fund balance at June 30, 2020	\$ 114,565	\$ 205,005	\$ 205,005	\$ -

See notes to required supplemental information.

Pineapple Cove Classical Academy at West Melbourne, Inc.

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - SPECIAL REVENUE FUND**

Year Ended June 30, 2020

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
Revenues				
Federal passed through state				
National School Lunch Program	\$ 52,800	\$ 55,081	\$ 55,081	\$ -
IDEA funds	12,400	6,019	6,019	-
Local revenue				
Student lunches	56,699	-	-	-
Total revenues	121,899	61,100	61,100	-
Expenditures				
Current:				
Food services	140,129	-	-	-
Total expenditures	140,129	-	-	-
Excess (deficiency) of revenues over (under) expenditures	(18,230)	61,100	61,100	-
Other financing sources (uses):				
Transfer in	18,230	-	-	-
Transfer out	-	(61,100)	(61,100)	-
Total other financing sources (uses)	18,230	(61,100)	(61,100)	-
Net change in fund balance	-	-	-	-
Fund balance at July 1, 2019	-	-	-	-
Fund balance at June 30, 2020	\$ -	\$ -	\$ -	\$ -

See notes to required supplemental information.

Pineapple Cove Classical Academy at West Melbourne, Inc.

NOTES TO REQUIRED SUPPLEMENTAL INFORMATION

June 30, 2020

NOTE A - BUDGETARY INFORMATION

Budgetary basis of accounting

Annual budgets are adopted for the entire operations and may be amended by the Board of Directors (the "Board"). The budgets presented for fiscal year ended June 30, 2020, have been amended according to Board procedures. Budgets are adopted on the modified accrual basis of accounting. The legal level of budgetary control is the fund level.

Although budgets are adopted for the entire operation, budgetary comparisons have been presented for the general fund and the special revenue fund for which a legally adopted budget exists.

SUPPLEMENTAL INFORMATION



**INDEPENDENT AUDITORS' 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**

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To the Board of Directors of
Pineapple Cove Classical Academy at West Melbourne, Inc.
West Melbourne, Florida

We have audited, 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, the financial statements of the governmental activities, each major fund, and aggregate remaining fund information of Pineapple Cove Classical Academy at West Melbourne, Inc. (the "School") as of and for the year ended June 30, 2020, and the related notes to financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated October 9, 2020, except for Note C, as to which the date is February 10, 2021.

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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free of 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.

Moss, Krusick & Associates, LLC

Winter Park, Florida
October 9, 2020



MANAGEMENT LETTER

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To the Board of Directors of
Pineapple Cove Classical Academy at West Melbourne, Inc.
West Melbourne, Florida

Report on the Financial Statements

We have audited the financial statements of Pineapple Cove Classical Academy at West Melbourne, Inc. (the "School"), as of and for the fiscal year ended June 30, 2020, and have issued our report thereon dated October 9, 2020, except for Note C, as to which the date is February 10, 2021.

Auditors' 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 issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated October 9, 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. In that regard, there are no uncorrected findings to 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 school code assigned by the Florida Department of Education of the entity are *Pineapple Cove Classical Academy at West Melbourne (6554)*.

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

Additional Matters

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

Purpose of this Letter

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

Moss, Krusick & Associates, LLC

Winter Park, Florida
October 9, 2020

MANAGEMENT FINDINGS, RECOMMENDATIONS AND RESPONSES

For the year ended June 30, 2020, there were no management finding, recommendations or responses.