

**SARASOTA SCHOOL OF ARTS AND SCIENCES, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL BOARD OF SARASOTA COUNTY**

**INDEPENDENT AUDITORS' REPORT
FINANCIAL STATEMENTS
AND
REQUIRED SUPPLEMENTARY
INFORMATION**

JUNE 30, 2020



TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)	3
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements	
Statement of Net Position	8
Statement of Activities.....	9
Fund Financial Statements	
Balance Sheet – General Fund.....	10
Reconciliation of the Balance Sheet - General Fund to the Statement of Net Position	11
Statement of Revenues, Expenditures, and Changes in Fund Balance - General Fund.....	12
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance - General Fund to the Statement of Activities	13
Notes to Basic Financial Statements.....	14
REQUIRED SUPPLEMENTARY INFORMTION	
Budgetary Comparison Schedule (Unaudited).	25
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 <i>GOVERNMENT AUDITING STANDARDS</i>	26
MANAGEMENT LETTER	28
STATUS OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS	30
CURRENT YEAR FINDINGS AND RECOMMENDATIONS	30

INDEPENDENT AUDITORS' REPORT

Board of Directors
Sarasota School of Arts & Sciences, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the General Fund of Sarasota School of Arts & Sciences, Inc. (the Charter School), a Charter School and component unit of the School Board of Sarasota County, Florida, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Sarasota School of Arts & Sciences, Inc.'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.

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 *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 auditors consider 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, and the General Fund of Sarasota School of Arts and Sciences, Inc., as of June 30, 2020, and the respective changes in financial position, and budgetary comparison for the General Fund 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 the management's discussion and analysis and budgetary comparison schedule on pages 3-6 and 24 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2020, on our consideration of the Sarasota School of Arts and Sciences, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 Sarasota School of Arts and Sciences, Inc.'s internal control over financial reporting and compliance.

Miller & Miller, P.A.

Sarasota, Florida
September 22, 2020

SARASOTA SCHOOL OF ARTS AND SCIENCES, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA
MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2020

The following pages represent Management’s Discussion and Analysis (MD&A) of Sarasota School of Arts & Sciences, Inc. (the Charter School). It depicts and reviews the financial picture and activities of the Charter School as of and for the year ended June 30, 2020.

The intent of this MD&A is to present a picture and assessment of the Charter School’s financial performance in an effort to more clearly demonstrate to readers the results of this year’s financial operations. Readers should also review the basic financial statements and notes to enhance their understanding of the Charter School’s financial performance.

Using the Financial Statements

This financial report includes a series of financial statements and notes to those financial statements. These statements are organized so the reader can understand Sarasota School of Arts & Sciences, Inc. as a financial whole, or as an entire operating entity.

The statement of net position and the statement of activities provide information about the activities of the Charter School as a whole, presenting both an aggregate view of the Charter School’s finances and a longer-term view of those finances. The General Fund statements show how services were financed in the short-term as well as what financial resources remain for future spending.

Financial Highlights

Statement of Net Position

	<u>2020</u>	<u>2019</u>	<u>\$ Change</u>	<u>% Change</u>
Current and other assets	\$ 3,913,349	\$ 3,819,260	\$ 94,089	
Capital assets	<u>8,216,513</u>	<u>8,525,038</u>	<u>(308,525)</u>	
Total Assets	<u>\$ 12,129,862</u>	<u>\$ 12,344,298</u>	<u>\$ (214,436)</u>	-2%
Current liabilities	\$ 944,305	\$ 958,431	\$ (14,126)	
Noncurrent liabilities	<u>9,460,348</u>	<u>9,668,926</u>	<u>(208,578)</u>	
Total Liabilities	<u>\$ 10,404,653</u>	<u>\$ 10,627,357</u>	<u>\$ (222,704)</u>	-2%
Net investment in capital assets	\$ (1,519,922)	\$ (1,338,488)	\$ (181,434)	
Restricted	1,663,139	1,653,485	9,654	
Unrestricted	<u>1,581,992</u>	<u>1,401,944</u>	<u>180,048</u>	
Total Net Position	<u>\$ 1,725,209</u>	<u>\$ 1,716,941</u>	<u>\$ 8,268</u>	.5%

Total assets decreased this year by 2% for the year ended June 30, 2020, compared with the year ended June 30, 2019. This decrease was primarily due to depreciation.

Total liabilities decreased this year by less than 2% for the year ended June 30, 2020, compared with the year ended June 30, 2019. This decrease was primarily due to the principal reduction associated with the long-term debt.

SARASOTA SCHOOL OF ARTS AND SCIENCES, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA
MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2020

Capital Assets and Long-term Debt Administration

Below is a schedule of the Charter School's capital assets as of June 30, 2020 and 2019.

	<u>2020</u>	<u>2019</u>	<u>Change</u>
Capital assets, not being depreciated			
Land	\$ 652,565	\$ 652,565	\$ -
Construction-in-progress	<u>-</u>	<u>62,887</u>	<u>(62,887)</u>
Total capital assets, not being depreciated	<u>\$ 652,565</u>	<u>\$ 715,452</u>	<u>\$ (62,887)</u>
Capital assets, being depreciated, net			
Building and improvements	\$ 7,206,974	\$ 7,360,443	\$ (153,469)
Furniture, fixtures and equipment	315,131	383,508	(68,377)
Motor vehicles	18,091	45,635	(27,544)
Property under capital leases	<u>23,752</u>	<u>20,000</u>	<u>3,752</u>
Total capital assets being depreciated, net	<u>7,563,948</u>	<u>7,809,586</u>	<u>(245,638)</u>
Capital assets, net	<u>\$ 8,216,513</u>	<u>\$ 8,525,038</u>	<u>\$ (308,525)</u>

The Charter School has invested in a variety of capital assets including real property, building improvements, furniture, fixtures, and other equipment. Total capital assets at June 30, 2020, amount to \$8,216,513, net of accumulated depreciation.

See Note C to the financial statements for a detail of the activity during the fiscal year and other related information.

Long-term Debt

Below is a schedule of outstanding debt as of June 30, 2020 and 2019.

	<u>2020</u>	<u>2019</u>	<u>Change</u>
Bonds payable, debt and capital leases	<u>\$ 9,736,434</u>	<u>\$ 9,863,526</u>	<u>\$ (127,092)</u>

Long-term debt at June 30, 2020, consisted of bonds payable, long term debt and obligations under capital leases. The bonds had a year-end balance of \$9,659,548, and the capital lease obligations had a year-end balance of \$76,886.

See Note E to the financial statements for a detail of the activity during the fiscal year and other related information.

SARASOTA SCHOOL OF ARTS AND SCIENCES, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA
MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2020

Statement of Activities

	<u>2020</u>	<u>2019</u>	<u>Change</u>	<u>% Change</u>
Revenues				
Program revenues				
Operating grants and contributions	\$ 43,724	\$ 51,681	\$ (7,957)	
General revenues				
Local	6,925,263	7,112,378	(187,115)	
Investment income (loss)	<u>41,152</u>	<u>43,832</u>	<u>(2,680)</u>	
Total revenues	<u>7,010,139</u>	<u>7,207,891</u>	<u>(197,752)</u>	-3%
Expenses				
Instruction	4,316,328	4,369,286	(52,958)	
Pupil personnel services	44,504	44,197	307	
Instructional media services	112,620	114,646	(2,026)	
Instructional staff training	45,973	44,132	1,841	
Board	81,543	83,709	(2,166)	
General administration	19,673	19,346	327	
School administration	923,935	1,029,821	(105,886)	
Fiscal services	32,786	30,185	2,601	
Pupil transportation	108,240	156,098	(47,858)	
Operation of plant	295,621	278,714	16,907	
Maintenance of plant	382,563	362,242	20,321	
Interest and fiscal charges on long-term debt	<u>638,085</u>	<u>650,572</u>	<u>(12,487)</u>	
Total expenses	<u>7,001,871</u>	<u>7,182,948</u>	<u>(181,077)</u>	-3%
Change in net position	8,268	24,943	(16,675)	
Net position, beginning of year	<u>1,716,941</u>	<u>1,691,998</u>	<u>24,943</u>	
Net position, end of year	<u>\$ 1,725,209</u>	<u>\$ 1,716,941</u>	<u>\$ 8,268</u>	.5%

Total revenue decreased 3% (\$197,752) for the year ended June 30, 2020, compared to the year ended June 30, 2019, due to a change, put in place by Sarasota County Schools, in calculating the ESE Funding.

Overall expenditures decreased 3% (\$181,077) for the year ended June 30, 2020, compared to the year ended June 30, 2019, due to the school shutting down, mid March, for the COVID 19 pandemic.

The largest revenue source for the Charter School is the Florida Education Finance Program (FEFP), which allocates funds based on the number and type of students enrolled in the Charter School. Grants and fundraising account for the second largest source of revenue.

SARASOTA SCHOOL OF ARTS AND SCIENCES, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA
MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2020

General Fund Budgetary Highlights

During the year there were slight increases in budget appropriations between the original budget and the final amended budget.

Economic Factors and the Budget

The viability and future goals of the Sarasota School of Arts & Sciences, Inc. (SSA+S) are based on the continuation of conservative and creative financial management. Our Charter School has continued to perform competitively as reflected in our “A” Grade earned from the Florida Department of Education. The school is located in an A rated district in Florida, and is still one of the highest performing middle schools within this competitive district. Our Charter School continues to be a “High Performing Charter School” as designated by the state of Florida, which has given us many advantages including a reduction of 3% in our sponsor cost. To earn a High Performing Charter School designation, the state reviews both our school grade as well as our financial stability and audit results. We have been able to maintain a surplus within our savings accounts, with a year-end unrestricted cash balance of \$1,833,059. In addition, we are extremely pleased to maintain our BBB- rating from Standard and Poor’s (S&P). Finally, FYE 2019 school year, SSA+S was one of five middle schools in Sarasota County deemed a School of Excellence by the Florida Department of Education, for the third year in a row (this honor has been in existence for only three years.). With the COVID 19 pandemic, and no standardize testing FYE 2020, this distinction has been put on hold.

The goal for this school year is to maintain our student population of 750, with a waiting list which allows us to fill any spaces made by attrition. The legislation, for 2020-2021, still has 0% local capital funding and maintained an increased state capital funding. However, in addition to the continued increase of state capital funding, the district, once again, allocated local capital funds, in the amount of \$250 per student, for a total of \$192,072. This is still a decrease of approximately 50% from the capital funding allocation from two years ago. However, our budget is sound, in spite of the volatility of capital funding. Our capital monies are used to purchase everchanging technology (we update our student computers every three years) as well as maintain and improve the facilities for our students. When capital funding is high, we upgrade our technology and facilities; when funding decreases, we decrease our capital projects so that it does not affect our operating budget.

For the 2020-2021 budget, SSA+S did see an increase in both the Safe School Allocation and Mental Health Service Allocation (up a total amount of \$7,778.00 from the 2019-2020 SY). In addition, due to the Covid-19 pandemic, there have been several grants that have increased our budget. The (GEERS) Governor’s Education Emergency Relief fund (\$7005.40) has assisted us with purchasing PPE equipment. The (ESSER) Elementary and Secondary School Emergency Relief funding grant (\$108,824.86) paid for upgrades to our WiFi, purchased at home technology for students in need, and related additional Covid Remote Learning costs. Finally, the Governor removed the Best and Brightest allocation but funded a new teacher raise and minimum teacher salary allocation (\$121,428.00). Due to our high teacher retention and compensation package, most of this allocation was used to fund a 2.5% raise for all teachers without affecting our general fund. All of the achievements discussed above, coupled with our successful financial management techniques, will ensure that our Charter School continues to be Sarasota County’s highest performing middle school.

SARASOTA SCHOOL OF ARTS AND SCIENCES, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA
MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2020

Request for Information

This financial report is designed to provide a general overview of the Sarasota School of Arts & Sciences, Inc.'s finances for those with an interest in the Charter School's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Principal.

For further information contact;

Tara Tahmosh-Newell, Principal
717 Central Avenue, Sarasota, Florida 34236
Telephone: 941-330-1855, Ext. 1454
taratahmosh@ssas.org

SARASOTA SCHOOL OF ARTS AND SCIENCES, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA

STATEMENT OF NET POSITION

June 30, 2020

<u>Assets</u>	<u>Total</u>
Current assets	
Cash	\$ 1,833,059
Restricted cash	1,166,907
Accounts receivable	12,696
Prepaid items	53,372
Total current assets	<u>3,066,034</u>
Noncurrent assets	
Restricted cash	846,565
Capital assets, non-depreciable	652,565
Capital assets, net of accumulated depreciation of \$3,584,284	7,563,948
Deposits	750
Total noncurrent assets	<u>9,063,828</u>
Total Assets	12,129,862
<u>Deferred Outflows of Resources</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	\$ <u><u>12,129,862</u></u>
<u>Liabilities and Net Position</u>	
Current liabilities	
Accounts payable	\$ 6,886
Accrued salaries payable	304,430
Accrued interest payable	318,530
Notes payable	38,373
Current portion of bonds payable	200,000
Current portion of capital lease payable	76,086
Total current liabilities	<u>944,305</u>
Noncurrent liabilities	
Bonds payable	9,459,548
Capital lease payable	800
Total noncurrent liabilities	<u>9,460,348</u>
Total Liabilities	10,404,653
<u>Deferred Inflows of Resources</u>	<u>-</u>
Total Liabilities and Deferred Inflows of Resources	10,404,653
Net position	
Investment in capital assets, net of related debt	(1,519,922)
Restricted	
Debt service	1,365,099
Renewal and replacement funds	298,040
Unrestricted	1,581,992
Total net position	<u>1,725,209</u>
Total Liabilities and Net Position	\$ <u><u>12,129,862</u></u>

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

SARASOTA SCHOOL OF ARTS AND SCIENCES, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Assets</u>
			<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental activities					
Instruction	\$ 4,316,328	\$ -	\$ 43,724	\$ -	\$ (4,272,604)
Support services					
Pupil personnel services	44,504	-	-	-	(44,504)
Instructional media services	112,620	-	-	-	(112,620)
Instructional staff training	45,973	-	-	-	(45,973)
Board	81,543	-	-	-	(81,543)
General administration	19,673	-	-	-	(19,673)
School administration	923,935	-	-	-	(923,935)
Fiscal services	32,786	-	-	-	(32,786)
Pupil transportation services	108,240	-	-	-	(108,240)
Operation of plant	295,621	-	-	-	(295,621)
Maintenance of plant	382,563	-	-	-	(382,563)
Interest and fiscal charges on long-term debt	<u>638,085</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(638,085)</u>
Total governmental activities	<u>\$ 7,001,871</u>	<u>\$ -</u>	<u>\$ 43,724</u>	<u>\$ -</u>	<u>\$ (6,958,147)</u>
General revenues					
Local					6,925,263
Investment income					<u>41,152</u>
Total general revenues					<u>6,966,415</u>
Change in net assets					8,268
Net position, beginning of year					<u>1,716,941</u>
Net position, end of year					<u>\$ 1,725,209</u>

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

SARASOTA SCHOOL OF ARTS AND SCIENCES, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA

BALANCE SHEET - GENERAL FUND

June 30, 2020

<u>Assets</u>	<u>Governmental Funds</u>	<u>Capital Outlay</u>	<u>Total</u>
Cash	\$ 1,833,059	\$ -	\$ 1,833,059
Restricted cash	2,013,472	-	2,013,472
Accounts receivable	12,696	-	12,696
Prepaid items	53,372	-	53,372
Deposit	750	-	750
 Total Assets	 \$ 3,913,349	 \$ -	 \$ 3,913,349
<u>Liabilities and Fund Balance</u>			
Liabilities			
Accounts payable	\$ 6,886	\$ -	\$ 6,886
Accrued expenses	304,430	-	304,430
Note payable	38,373	-	38,373
 Total liabilities	 349,689	 -	 349,689
Fund balance			
Nonspendable			
Prepaid items/deposit	54,122	-	54,122
Restricted			
Renewal and replacement funds	298,040	-	298,040
Debt service	1,365,099	-	1,365,099
Unassigned	1,846,399	-	1,846,399
 Total fund balance	 3,563,660	 -	 3,563,660
 Total Liabilities and Fund Balance	 \$ 3,913,349	 \$ -	 \$ 3,913,349

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

SARASOTA SCHOOL OF ARTS AND SCIENCES, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA

RECONCILIATION OF THE BALANCE SHEET - GENERAL FUND
TO THE STATEMENT OF NET POSITION

June 30, 2020

Fund balance - General Fund		\$ 3,563,660
Amounts reported in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the General Fund.		
Capital assets	11,800,797	
Less accumulated depreciation	<u>(3,584,284)</u>	8,216,513
Noncurrent liabilities are not due and payable in the current period and, therefore, are not reported in the General Fund.		
Accrued interest payable	(318,530)	
Capital leases payable	(76,886)	
Bonds payable	<u>(9,659,548)</u>	<u>(10,054,964)</u>
Net position - statement of net position		\$ <u><u>1,725,209</u></u>

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

SARASOTA SCHOOL OF ARTS AND SCIENCES, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL BOARD OF SARASOTA COUNTY

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2020

	<u>Governmental Funds</u>	<u>Capital Outlay</u>	<u>Total</u>
Revenues			
Intergovernmental			
Federal through state	\$ 43,724	\$ -	\$ 43,724
State	5,013,324	-	5,013,324
Local	1,760,604	187,583	1,948,187
Investment income	41,152	-	41,152
Total revenues	<u>6,858,804</u>	<u>187,583</u>	<u>7,046,387</u>
Expenditures			
Education			
Instruction	3,904,031	-	3,904,031
Pupil personnel services	44,504	-	44,504
Instructional media services	112,620	-	112,620
Instructional staff training	45,973	-	45,973
Board	65,279	-	65,279
School administration	895,739	-	895,739
Fiscal services	32,786	-	32,786
Pupil transportation	108,240	-	108,240
Operation of plant	181,088	112,550	293,638
Maintenance of plant	381,573	-	381,573
Capital outlay	132,093	75,033	207,126
Debt service			
Principal and interest	771,422	-	771,422
Total expenditures	<u>6,675,348</u>	<u>187,583</u>	<u>6,862,931</u>
Net change in fund balance	183,456	-	183,456
Fund balance, beginning of year	<u>3,380,204</u>	<u>-</u>	<u>3,380,204</u>
Fund balance, end of year	<u>\$ 3,563,660</u>	<u>\$ -</u>	<u>\$ 3,563,660</u>

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

SARASOTA SCHOOL OF ARTS AND SCIENCES, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - GENERAL FUND TO THE
STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2020

Net change in fund balance - General Fund	\$	183,456
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Amounts reported in the statement of activities are different because:

The General Fund reports capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.

Capital outlay expenditures	208,148	
Less current year depreciation	<u>(479,403)</u>	(271,255)

The issuance of long-term debt provides current financial resources in the General Fund, but issuing debt increases noncurrent liabilities in the Statement of Net Position. Repayment of principal is an expenditure in the General Fund, but the repayment reduces noncurrent liabilities in the Statement of Net Position. This is the amount by which repayments exceeded proceeds.

Principal repayments on bonds payable and capital leases	127,092
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The net effect of various transactions involving capital assets (i.e., sales) is to decrease net position.

Net book value of capital assets disposed	(36,248)
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In the Statement of Activities, some revenues and expenses do not require the source or use of current financial resources and, therefore, are not reported as a revenue or expenditure in the Government Fund.

Amortization of bond discount	(1,022)	
Change in accrued interest payable	<u>6,245</u>	<u>5,223</u>

Change in net position - statement of activities	\$	<u><u>8,268</u></u>
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The accompanying notes are an integral part of these financial statements.

SARASOTA SCHOOL OF ARTS AND SCIENCES, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity: Sarasota School of Arts & Sciences, Inc. (the Charter School) is a not-for-profit corporation formed on February 10, 1997, pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act, and Section 228.056, Florida Statutes. The governing body of the Charter School is a Board of Directors of no less than seven members. The Charter School is dedicated to teaching principles of academic excellence and social responsibility to grades 6-8 through involvement of students, faculty, parents, mentors, and the community. The Charter School's curriculum emphasizes the arts and sciences encouraging students to learn, think and explore by traditional and nontraditional means.

The general operating authority of the Charter School is contained in Chapter 1002.33, Florida Statutes. The Charter School operates under a charter of the sponsoring school board, the School Board of Sarasota County, Florida (the School Board). The current charter was renewed on July 1, 2014 and is effective until June 30, 2028, and may be renewed by mutual agreement between the Charter School and the School Board. The Charter School is considered a component unit of the School Board.

Basis of Presentation: The basic financial statements of the Charter School have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB has issued a codification of government accounting and financial reporting standards. This codification and subsequent GASB pronouncements are recognized as GAAP for state and local governments.

Implementation of New Governmental Accounting Standards: The Charter School adopted new accounting guidance and implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements, Codification of Governmental Accounting and Financial Reporting Standards*, GASB Statement No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*, GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and early implemented the provisions of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Other than GASB Statement No. 63 and No. 65, the implementation of these standards had no significant effect on the financial statements of the Charter School.

GASB Statement No. 63 establishes new accounting and financial reporting for deferred outflows/inflows or resources and the concept of net position as the residual of all other elements presented in the Statement of Net Position. Although the Charter School does not have any deferred outflows/inflows of resources, the Statement of Net Position is presented in the new format.

SARASOTA SCHOOL OF ARTS AND SCIENCES, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GASB Statement No. 65 establishes accounting and financial reporting standards that reclassify as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

Government-Wide and Fund Financial Statements: The Charter School's basic financial statements include both government-wide (reporting on the Charter School as a whole) and fund financial statements (reporting on the General Fund only). Both the government-wide and fund financial statements present only governmental activities. The Charter School has no business type activities.

In the government-wide Statement of Net Position, the Charter School reports on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Charter School's net position are reported in three parts (as applicable): net investment in capital assets; restricted net position; and unrestricted net position.

The government-wide Statement of Activities demonstrates the degree to which the direct expenses of a given function (or segment) are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions restricted to meeting the operational or capital requirements of a particular function or segment. Unrestricted grants and contributions and other items not properly included among program revenues are reported as general revenues.

The financial transactions of the Charter School are reported in individual funds in the fund financial statements. The fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues, and expenditures.

The individual generic fund types in the Charter School's financial statements are governmental funds. The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income.

The only governmental fund utilized by the Charter School is the General Fund. This fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures. The General Fund is the general operating fund of the Charter School and is used to account for all its financial resources.

SARASOTA SCHOOL OF ARTS AND SCIENCES, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Financial Statement Presentation: 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 the related cash flows.

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 Charter School considers revenues to be available if they are collected within 60 days of the end of the current period. When grant terms provide that the expenditure of resources is the determining factor for eligibility for Federal, State and other grant resources, revenue is recognized at the time the expenditure is made. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Revenues for current operations received from the School Board of Sarasota County, Florida, pursuant to the funding provisions included in the Charter School's charter are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Charter School.

Budgetary Basis of Accounting: Budgets are presented on the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the fund level.

For the year ended June 30, 2020, expenditures exceeded appropriations for various functions. These were covered by positive variances in other functions which resulted in a net total positive variance overall.

Cash Deposits: The Charter School's cash consists of demand deposits with financial institutions insured by the Federal Depository Insurance Company. The Charter School has no cash equivalents.

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.

Receivables: Receivables from various entities were \$12,696 as of June 30, 2020. Management considers all receivables to be fully collectible, therefore no allowance has been recorded as of June 30, 2020.

SARASOTA SCHOOL OF ARTS AND SCIENCES, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets: Capital assets are reported in the governmental activities column in the government-wide financial statements and are not reported in the fund financial statements. Capital assets are defined by the Charter School as assets with an initial cost of more than \$750 and an estimated useful life in excess of one year. Capital assets are recorded at historical cost if purchased or constructed or estimated historical cost when actual historical cost is not available. Donated capital assets are recorded at estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. All capital assets are depreciated using the straight-line method over their estimated useful lives. Useful lives vary from 5 to 40 years for buildings and improvements, and 5 to 15 years for furniture, fixtures and equipment, 5 years for motor vehicles, 3 to 5 years for software, and 5 to 7 years for property under capital leases.

Bonds Payable: Bond obligations that will be financed from resources to be received in the future by governmental funds are reported as liabilities in government-wide statement of net position. Bond discounts and issuance costs are deferred and amortized over the life of the bonds using the effective interest method.

In the governmental fund financial statements, bonds and other long-term obligations are not recognized as liabilities until due. Governmental fund types recognize bond discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity: Fund equity at the governmental fund financial reporting level is classified as “fund balance.” Fund equity for all other reporting is classified as “net position.”

Fund Balance: Generally, fund balance represents the difference between the assets and liabilities under the current financial resources measurement focus of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the Charter School is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balances are classified as follows:

- *Nonspendable:* This component 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:* This component consists of amounts that have constraints placed on them either externally by third-parties (creditors, grantors, contributors, or laws or regulations of other governments) or by law through constitutional provisions or enabling legislation.
- *Committed:* This component consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Charter School’s highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Charter School removes or changes the specified use by taking the same type of action it employed previously to commit those amounts.

SARASOTA SCHOOL OF ARTS AND SCIENCES, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Equity – Continued

- *Assigned:* This component consists of amounts that are constrained by the Charter School’s intent to be used for specific purposes, but are neither restricted nor committed. The authority for assigning fund balance is expressed by the Board of Directors.
- *Unassigned:* This classification represents amounts that have not been restricted, committed or assigned to a specific purpose within the general fund. The general fund is the only fund that reports a positive assigned fund balance amount. Other governmental funds besides the general fund can only report a negative unassigned fund balance.

Net Position: Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net investment in capital assets excludes unspent debt proceeds. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislation or through external restrictions imposed by creditors, grantors, laws or regulations. All net positions not reported as net investment in capital assets and restricted net position, are reported as unrestricted net position.

Flow Assumptions: When both restricted and unrestricted amounts of fund balance/net position are available for use for expenditures/expenses incurred, it is the Charter School’s policy to use restricted amounts first, then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the Charter School’s policy to use fund balance in the following order:

- Committed
- Assigned
- Unassigned

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

SARASOTA SCHOOL OF ARTS AND SCIENCES, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Charter School also receives 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.

Additional revenues are derived from various fund-raising activities, contributions and interest earned.

Income Taxes: The Charter School qualifies as a tax-exempt organization under Internal Revenue Code Section 501(c)(3). The Charter School's status as a tax exempt not-for-profit entity is considered a tax position subject to reporting requirements under FASB Accounting Standards Codification 740-10. Entities are required to examine all tax positions and determine if it is more likely than not that the positions would be sustained upon examination by taxing authorities. The Charter School has not recorded any accruals for uncertain income tax positions at June 30, 2020.

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

NOTE B – CASH

Cash: Custodial credit risk is the risk that in the event of bank failure, the Charter School's deposits may not be returned. The Charter School can mitigate this risk by depositing funds in financial institutions insured by Federal depository insurance. At June 30, 2020, the carrying amount of the Charter School's deposits was \$3,846,531 and bank balances were \$3,892,250. The Charter School had uninsured balances at June 30, 2020, of \$1,479,111.

Restricted Cash: At June 30, 2020, the Charter School reported restricted cash in the amount of \$2,013,472. These funds are restricted by a Loan and Trust Agreement with Sarasota County, Florida, related to the Educational Facilities Revenue Bonds, Series 2010, and are restricted for bond reserves in the amount of \$846,565 and renewal and replacement funds in the amount of \$298,040.

SARASOTA SCHOOL OF ARTS AND SCIENCES, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE C - CAPITAL ASSETS

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

	Balance July 1, <u>2019</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>2020</u>
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 652,565	\$ -	\$ -	\$ 652,565
Construction in progress	<u>62,887</u>	-	<u>(62,887)</u>	-
Total capital assets not being depreciated	<u>715,452</u>	-	<u>(62,887)</u>	<u>652,565</u>
Capital assets, being depreciated				
Buildings and improvements	9,155,311	153,709	(51,193)	9,257,827
Furniture, fixtures and equipment	1,587,566	99,614	(142,720)	1,544,460
Motor vehicles	281,255	-	-	281,255
Property under capital leases	<u>48,000</u>	<u>16,690</u>	-	<u>64,690</u>
Total capital assets being depreciated	<u>11,072,132</u>	<u>270,013</u>	<u>(193,913)</u>	<u>11,148,232</u>
Less accumulated depreciation				
Buildings and improvements	1,794,868	277,022	21,037	2,050,853
Furniture, fixtures and equipment	1,204,058	161,899	136,628	1,229,329
Motor vehicles	235,620	27,544	-	263,164
Property under capital leases	<u>28,000</u>	<u>12,938</u>	-	<u>40,938</u>
Total accumulated depreciation	<u>3,262,546</u>	<u>479,403</u>	<u>157,665</u>	<u>3,584,284</u>
Total capital assets being depreciated, net	<u>7,809,586</u>	<u>(209,390)</u>	<u>(36,248)</u>	<u>7,563,948</u>
Capital Assets, net	<u>\$ 8,525,038</u>	<u>\$ (209,390)</u>	<u>\$ (99,135)</u>	<u>\$ 8,216,513</u>

Depreciation expense in the amount of \$479,403 for the year ended June 30, 2020, was allocated to the following governmental functions:

Instruction	\$ 412,297
Board	16,264
General administration	19,673
School administration	28,196
Operation of plant	1,983
Maintenance of plant	<u>990</u>
Total	<u>\$ 479,403</u>

SARASOTA SCHOOL OF ARTS AND SCIENCES, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE D – RISK MANAGEMENT PROGRAMS

The Charter School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the Charter School has purchased commercial insurance. The Charter School has not had any reduction in insurance coverage and the amount of claims resulting from these risks has not exceeded insurance coverage for the past three years.

NOTE E – SHORT-TERM DEBT

In June 2019, the Charter School signed an agreement to finance their property insurance premiums for fiscal year 2019-2020. The total premiums for this policy are \$53,373 and the Charter School made a down payment of \$15,000. Therefore, the remaining balance of \$38,373 has been recorded as a short-term note payable. The note will be paid over 10 months starting July 27, 2020 at an interest rate of 8.40%. The entire policy is recorded as a prepaid expense/expenditure.

NOTE F – LONG-TERM DEBT

Long-term debt activity for the year ended June 30, 2020 was as follows:

	<u>Balance</u> <u>July 1,</u> <u>2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30,</u> <u>2020</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
Governmental activities					
Bonds payable	\$ 9,865,000	\$ -	\$ (185,000)	\$ 9,680,000	\$ 200,000
Less discount	<u>(21,474)</u>	<u>-</u>	<u>1,022</u>	<u>(20,452)</u>	<u>-</u>
	9,843,526	-	(183,978)	9,659,548	200,000
 Capital leases payable	 <u>20,000</u>	 <u>137,220</u>	 <u>(80,334)</u>	 <u>76,886</u>	 <u>76,086</u>
	 <u>\$ 9,863,526</u>	 <u>\$ 137,220</u>	 <u>\$ (264,312)</u>	 <u>\$ 9,736,434</u>	 <u>\$ 276,086</u>

The Charter School executed a Loan and Trust Agreement with Sarasota County, Florida for the issuance of \$11,040,000 of Educational Facilities Refunding Revenue Bonds (Sarasota School of Arts & Sciences, Inc. Project), Series 2010. Pursuant to this agreement, the proceeds of the bond are to be used to: (1) refinance certain obligations of the Charter School, which has resulted in the current refunding of the outstanding Sarasota County, Florida Industrial Development Revenue Bond, Series 2004; (2) refinance other indebtedness of the Charter School; (3) finance the construction of certain educational facilities; (4) fund a debt service reserve; (5) fund capitalized interest for a period of one year after their issuance; (6) pay a termination fee on an interest rate swap related to the refunded bond; and (7) pay the costs of issuance.

SARASOTA SCHOOL OF ARTS AND SCIENCES, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE F – LONG-TERM DEBT – (CONTINUED)

The issue consists of \$1,000,000 of term bonds due July 1, 2017, with an interest rate of 5.20%, \$3,505,000 of term bonds due July 1, 2030, with an interest rate of 6.75%, and \$6,535,000 of term bonds due July 1, 2040, with an interest rate of 6.50%. All three series of term bonds are subject to mandatory sinking fund redemption on July 1 of each year as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021-2024	\$ 890,000	\$ 2,433,163	\$ 3,323,163
2025-2029	1,500,000	2,645,313	4,145,313
2030-2034	2,090,000	2,049,419	4,139,419
2035-2039	2,900,000	1,243,775	4,143,775
2040-2041	<u>2,300,000</u>	<u>178,750</u>	<u>2,478,750</u>
Total	<u>\$ 9,680,000</u>	<u>\$ 8,550,420</u>	<u>\$ 18,230,420</u>

As security for the obligation to make all payments due, and to perform all obligations, the Charter School grants a security interest of its revenues, deposit accounts, goods, equipment, inventory, fixtures, accessions, and investment property.

The bonds contain certain restrictions and covenants. At June 30, 2020, the Charter School was in compliance with the debt covenants.

NOTE G – RETIREMENT PLAN

The Charter School sponsors a defined contribution pension plan that covers all full-time employees that have met certain age and service requirements. The Charter School’s contributions to the plan are 7% of eligible employees’ wages. Employees are vested in the plan according to a schedule. For the year ended June 30, 2020, the Charter School’s retirement plan contributions were \$213,681.

NOTE H – OPEARATING LEASES

The Charter School entered into a lease beginning July 1, 2017 and ending on June 30, 2020 for additional parking. The Charter School agreed to pay the sum of \$27,000, payable in consecutive monthly installments of \$750 until the lease ended. During 2020, the lease was extended for the same consecutive monthly installments of \$750 until June 30, 2021, the new lease end date.

Future minimum lease payments under this operating lease are \$9,000 for the year ended June 30, 2021.

NOTE I – CAPITAL LEASES

The Charter School leases two copiers under a capital lease agreement. The lease began in August 2016 and expires in July 2021. The lease includes montly payments of \$800, and a \$1 purchase option at the end of the lease term.

SARASOTA SCHOOL OF ARTS AND SCIENCES, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE I – CAPITAL LEASES – (CONTINUED)

The Charter School entered into a capital lease in July 2019 with Apple, Inc. for computer equipment with a fair market value of \$137,220. The lease term is 24 months and payments are due in two annual installments of \$70,734.17 each. The lease includes \$1 purchase option at the end of the lease term.

Future minimum lease payments under this capital lease are as follows:

Fiscal Year Ending	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>June 30:</u>			
2021	\$ 76,086	\$ 4,251	\$ 80,337
2022	<u>800</u>	<u>-0-</u>	<u>800</u>
Total	<u>\$ 76,886</u>	<u>\$ 4,251</u>	<u>\$ 81,137</u>

NOTE J – NET INVESTMENT IN CAPITAL ASSETS

In the Statement of Net Position, the Charter School is reporting a negative net investment in capital assets balance of (\$1,519,922) as of June 30, 2020. During 2012, the Charter School demolished the old school building once the new school building was completed. The bonds issued for the construction of the new school building included a defeasance related to bonds that were issued for the construction of the old school building, thus the reason for the negative balance.

NOTE K – LOCAL REVENUE SOURCES

The following is a schedule of local revenue sources and amounts:

<u>Source</u>	<u>Amount</u>
Federal through local	
IDEA grant	\$ 25,483
E-Rate Funds	<u>18,241</u>
Subtotal	43,724
State through local	
Base funding (less administrative fee)	3,445,830
Reading instruction	30,935
School recognition funds	74,873
Classroom for Kids	672,246
Instructional materials	58,548
Other miscellaneous state revenue	352,438
Charter school capital outlay	<u>378,454</u>
Subtotal	5,013,324

SARASOTA SCHOOL OF ARTS AND SCIENCES, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE K – LOCAL REVENUE SOURCES – (CONTINUED)

The following is a schedule of local revenue sources and amounts:

<u>Source</u>	<u>Amount</u>
Local	
Discretionary local effort	732,198
Referendum millage allocation	979,660
Local capital outlay millage funds	187,583
Grants/donations/fundraising	48,746
Other miscellaneous revenue	<u>41,153</u>
Subtotal	<u>1,989,339</u>
Total	\$ <u>7,046,387</u>

NOTE L – EVALUATION OF SUBSEQUENT EVENTS

On July 22, 2020, the Charter School entered into a loan agreement to borrow \$8,935,316 from Equitable Facilities Fund, Inc. for the purpose of paying off existing bonds. The loan will mature on July 1, 2040 and interest shall be computed at a rate equal to 4% per annum on the unpaid principal balance. Principal and interest are due monthly beginning on September 1, 2020, payable in 239 monthly installments of \$54,348.40. Maturities of long term debt for the each of the next five years ended June 30 and thereafter are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 240,151	\$ 303,333	\$ 543,484
2022	310,018	342,163	652,181
2023	322,647	329,534	652,181
2024	335,793	316,388	652,181
2025	349,474	302,707	652,181
thereafter	<u>7,377,233</u>	<u>2,459,826</u>	<u>9,837,059</u>
Total	\$ <u>8,935,316</u>	\$ <u>4,053,951</u>	\$ <u>12,989,267</u>

The Charter School has evaluated subsequent events through September 22, 2020, the date the financial statements were available for issuance, and has determined that there are no additional subsequent events that require disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

SARASOTA SCHOOL OF ARTS AND SCIENCES, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED JUNE 30, 2020
UNAUDITED

	Budgeted Amounts		Actual	Over / (Under)
	Original	Final		
Revenues				
Federal through local	\$ 36,380	\$ 43,724	\$ 43,724	\$ -
State through local	7,062,907	6,990,982	5,013,324	(1,977,658)
Local	-	-	1,989,339	1,989,339
Total revenues	7,099,287	7,034,706	7,046,387	11,681
Expenses				
Current				
Instruction	3,673,370	3,721,108	3,904,031	182,923
Pupil personnel services	46,256	46,221	44,504	(1,717)
Instructional media services	120,663	123,475	112,620	(10,855)
Instructional staff training	48,000	57,000	45,973	(11,027)
Board	75,000	75,500	65,279	(10,221)
School administration	919,951	925,975	895,739	(30,236)
Fiscal services	31,200	36,000	32,786	(3,214)
Pupil transportation services	118,733	144,497	108,240	(36,257)
Operation of plant	391,008	377,012	293,638	(83,374)
Maintenance of plant	394,200	404,000	381,573	(22,427)
Capital outlay	402,600	429,600	207,126	(222,474)
Debt service				
Principal and interest	878,306	863,306	771,422	(91,884)
Total expenditures	7,099,287	7,203,694	6,862,931	(340,763)
Net change in fund balance	\$ -	\$ (168,988)	\$ 183,456	\$ 352,444

Notes to Required Supplementary Information:

The budget was prepared on the modified accrual basis of accounting. All annual appropriations lapse at fiscal year end.

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

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*

To the Board of Directors
Sarasota School of Arts & Sciences, Inc.

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 General Fund of Sarasota School of Arts & Sciences, Inc.'s (the "Charter School"), as of, and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Sarasota School of Arts & Sciences, Inc.'s basic financial statements and have issued our report thereon dated September 22, 2020.

Internal Control Over Financial Reporting

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

To the Board of Directors
Sarasota School of Arts & Sciences, Inc.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Sarasota School of Arts & Sciences, Inc.'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

This purpose of this report is intended 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 the 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.

Miller & Miller, P.A.

Sarasota, Florida
September 22, 2020

Sarasota School of Arts & Sciences, Inc.

MANAGEMENT LETTER

To the Board of Directors
Sarasota School of Arts & Sciences, Inc.

Report on the Financial Statements

We have audited the financial statements of the governmental activities and General Fund of Sarasota School of Arts & Sciences, Inc. (the Charter School), a Charter School and component unit of the School Board of Sarasota County, as of and for the year ended June 30, 2020, which collectively comprise Sarasota School of Arts & Sciences, Inc.'s basic financial statements and have issued our report thereon dated September 22, 2020.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Other Reporting Required by *Government Auditing Standards*

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in this report, which is dated September 22, 2020, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.850, Rules of the Auditor General, which governs the conduct of charter school audits and similar entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned report.

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 prior year findings as noted below under the heading *Status of Prior Year Findings and Recommendations*.

Official Title

Section 10.854(1)(e)5, Rules of the Auditor General, requires the name or official title of the school. The official title of the school is Sarasota School of Arts & Sciences, Inc. and the school code assigned by the Florida Department of Education to the entity is 0083.

Financial Condition

Section 10.854(1)(e)2. and 10.855(11), Rules of the Auditor General, require that we report the results of our determination as to whether or not the Sarasota School of Arts & Sciences, Inc. has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the Sarasota School of Arts & Sciences, Inc. 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 Sarasota School of Arts & Sciences, Inc. 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 their review of financial information provided by the same. We have applied such procedures as of the fiscal year end and no deteriorating financial condition has been noted.

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

Other Matters

Section 10.854(1)(e)3, Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, matters required to be disclosed are included under the heading *Status of Prior Year Findings and Recommendations* and *Current Year Findings and Recommendations*.

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

Purpose of this Letter

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

Miller & Miller, P.A.

Sarasota, Florida
September 22, 2020

Status of Prior Year Findings and Recommendations

There were no prior year findings.

Current Year Findings and Recommendations

There were no current year findings.