

SKY Academy Venice
A Charter School and Division of SKY
Family YMCA, Inc.

Financial Report
June 30, 2020

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RSM US LLP

Independent Auditor's Report

To the Board of Directors
SKY Academy Venice
Venice, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities-contractual basis, the major fund-contractual basis, and the aggregate remaining fund information-contractual basis of SKY Academy Venice (the School), a division of SKY Family YMCA, Inc., 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 financial reporting provisions of Section 4 of the charter school contract with the School and the Sarasota School Board Dated May 17, 2016 (the Contract). Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities-contractual basis, the major fund-contractual basis, and the aggregate remaining fund information-contractual basis of the School as of June 30, 2020, and the respective changes in financial position-contractual basis for the year then ended in accordance with the financial reporting provisions of Section 4 of the Contract.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared by the School on the basis of the financial reporting provisions of Section 4 of the Contract, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Emphasis of Matter

As discussed in Note 2 to the accompanying financial statements, management identified an error related to a prior period and as a result restated the July 1, 2019 governmental activities net position and general fund, fund balance. Our opinions are not modified with respect to this matter.

Other Matters*Required Supplementary Information*

Section 4 of the Contract require that the Management's Discussion and Analysis and Budgetary Comparison Schedule – General Fund on pages 4 to 8 and 23 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Section 4 of the Contract, 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School's basic financial statements. The combining nonmajor fund financial statements and the budgetary comparison schedules as listed in the table of contents as other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements and the budgetary comparison schedules as listed in the table of contents as other supplementary information are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements, or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements and budgetary comparison schedules as listed in the table of contents as other supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2021, 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.

Restrictions on Use

Our report is intended solely for the information and use of the School, the Sarasota School Board, and the State of Florida and is not intended to be and should not be used by anyone other than these specified parties.

RSM US LLP

St. Petersburg, Florida
March 31, 2021

Management's Discussion and Analysis (Unaudited)

**SKY Academy Venice
A School and Division of SKY Family YMCA, Inc.**

**Management's Discussion and Analysis (Unaudited)
June 30, 2020**

As management of the SKY Academy Venice, we offer readers of SKY Academy Venice's (the School) financial statements this narrative overview and analysis of the financial activities of SKY Academy Venice for the fiscal year ended June 30, 2020.

Readers should review this Management's Discussion and Analysis (MD&A) in addition to the basic financial statements to gain an understanding of the School as an operating entity.

Financial Highlights

The following are highlights of financial activity for the year ended June 30, 2020.

- The year ended June 30, 2020 was the ninth year of operations for the School. Enrollment increased by 19 students from prior year to an end-of-year student count of 178.
- The School reported a net position of \$293,274 at June 30, 2020, which decreased \$6,022 from June 30, 2019 reported net position of \$299,296.
- As of June 30, 2020, the School's governmental funds reported a combined ending fund balance of \$145,834 compared to \$127,350 reported fund balance as of June 30, 2019.

Overview of the Financial Statements

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

Government-Wide Financial Statements: The government-wide financial statements, which consist of the statement of net position and the statement of activities, are designed to provide readers with a broad overview of the School's finances in a manner similar to a private-sector business.

The statement of net position presents financial information on all of the School's assets and liabilities with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the School's financial position is improving or deteriorating. However, as a governmental entity, the School's activities are not geared toward generating profit as are the activities of commercial entities. Other factors such as the safety at the School, changes in student base funding level, and quality of education must also be considered in order to reasonably assess the School's overall performance.

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

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

**SKY Academy Venice
A School and Division of SKY Family YMCA, Inc.**

**Management's Discussion and Analysis (Unaudited)
June 30, 2020**

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 other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund financial statements provide more detailed information about the School's most significant funds, not the School as a whole. A fund is a self-balancing set of accounts which the School uses to keep track of sources of funding and spending.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the School's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and change in fund balances provide a reconciliation to facilitate this comparison between the governmental fund and governmental activities. The fund financial statements can be found on pages 11 through 14 of this report.

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

The notes to the basic financial statements can be found on pages 15 through 22 of this report.

Government-Wide Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of financial position. The following table presents a comparative analysis of the condensed government-wide statements of net position as of June 30:

	2020	2019	Increase (Decrease)
Assets:			
Current assets	\$ 357,204	\$ 224,631	\$ 132,573
Capital assets, net	147,440	171,946	(24,506)
Total assets	504,644	396,577	108,067
Liabilities:			
Current liabilities	211,370	97,281	114,089
Net position:			
Investment in capital assets	147,440	171,946	(24,506)
Unrestricted	145,834	127,350	18,484
Total net position	\$ 293,274	\$ 299,296	\$ (6,022)

SKY Academy Venice
A School and Division of SKY Family YMCA, Inc.

Management's Discussion and Analysis (Unaudited)
June 30, 2020

Current assets consist of cash, accounts receivable, and prepaid expenses. Total current assets increased \$132,573 or 59% during 2020. Total current liabilities consist of accounts payable, accrued expenses, and amounts due to SKY Academy Englewood and SKY Family YMCA, Inc. (YMCA). Total current liabilities increased to \$114,089 or 117% during 2020. As of June 30, 2020, total net position was \$295,316 compared to \$299,296 as of June 30, 2019.

A summary and analysis of the School's net position for the years ended June 30, are as follows:

	2020	2019	Increase (Decrease)
Program revenues:			
Charges for services	\$ 136,490	\$ 357,101	\$ (220,611)
Operating grants and contributions	372,132	352,466	19,666
Capital grants and contributions	135,122	121,624	13,498
General revenues:			
State sources	1,279,205	1,177,899	101,306
Local sources	35,555	48,417	(12,862)
	<u>1,958,504</u>	<u>2,057,507</u>	<u>(99,003)</u>
Governmental activities:			
Instruction	973,208	909,769	63,439
Student support services	53,449	39,005	14,444
Instruction and curriculum development services	25,209	25,870	(661)
Instructional staff training services	-	111	(111)
Instruction-related technology	24,476	27,151	(2,675)
Board	-	1,249	(1,249)
General administration	440	2,018	(1,578)
School administration	188,104	207,405	(19,301)
Facilities	159,165	180,800	(21,635)
Fiscal services	-	2,825	(2,825)
Food services	246,498	375,507	(129,009)
Central services	11,500	9,632	1,868
Transportation	83,168	74,993	8,175
Operation of plant	65,328	84,187	(18,859)
Maintenance of plant	2,605	5,539	(2,934)
Administrative technology	9,857	8,813	1,044
Community services	58,529	89,419	(30,890)
	<u>1,901,536</u>	<u>2,044,293</u>	<u>(142,757)</u>
Change in net position	56,968	13,214	43,754
Net position at beginning of year*	236,306	286,082	(49,776)
Net position at end of year	<u>\$ 293,274</u>	<u>\$ 299,296</u>	<u>\$ (6,022)</u>

* Beginning net position in FY 2020 was restated prospectively, see Note 2.

**SKY Academy Venice
A School and Division of SKY Family YMCA, Inc.**

**Management's Discussion and Analysis (Unaudited)
June 30, 2020**

In March 2020 as our school was on spring break, institutions around the country began to close due to COVID-19. This included the Sarasota County School District and SKY Academy Venice. The building was closed to students; however, the educating of students was expected to continue. SKY Academy Venice switched from in-person instruction to a remote structure. This structure required all our staff members to work from home while providing online instruction to our students five days a week. This platform continued through the end of the 2019-20 school year which ended in June. During the remote teaching period we no longer ran school busses, aftercare programs, field trips, or interscholastic sports. This reduced our expenses. While during this period we did start a food distribution program, which was reimbursed through government grants and partnered with local businesses to help feed families in need. Staff members continued to be paid and the school building was still being used on a daily basis, but on a much more limited scale. Also, as a result of the programmatic shift, there was a focus on social engagement and remote communication through a series of social media daily announcements.

For the year ended June 30, 2020, School revenues exceeded expenses, resulting in an increase in net position of \$56,968. The largest revenue source for the School is the state of Florida (72%). Revenues for current operations are primarily received through the Florida Education Finance Program (FEFP) funding formula. The FEFP formula utilizes student enrollment data to determine the funds available for the School. During 2020, the School experienced an increase in enrollment which attributed to an increase in state revenue of \$86,193, although local funds decreased, resulting in a net drop in revenue of \$99,003. Changes to food services due to COVID-19, was a major contributor of total expenses decreasing by \$142,757, compared to the year ended June 30, 2019.

The largest concentrations of expenses were for Instruction related functions for a total of \$973,208 and \$909,769 for the years ended June 30, 2020 and 2019 (51% and 45%, respectively), and Food Service of \$246,498 and \$375,507 for years ended June 30, 2020 and 2019 (13% and 18%), respectively.

Financial Analysis of the Government's Funds

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

Governmental Funds

The focus of the School's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the School's financing requirements. In particular, the *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

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

As of June 30, 2020, the School's governmental general fund reported ending fund balance of \$145,834 compared to \$127,350 at June 30, 2019.

General Fund Budgetary Highlights: For the year ended June 30, 2020, the SKY Academy Venice, the end-of-year student count was 178. Overall school funding was \$51,319 higher than budget with the primary source of funding from state sources. Expenses for the School were over budget for the year by \$89,247 primarily in the areas of instruction, facilities and community service.

**SKY Academy Venice
A School and Division of SKY Family YMCA, Inc.**

**Management's Discussion and Analysis (Unaudited)
June 30, 2020**

Capital Assets

The School's investment in capital assets for its governmental activities as of June 30, 2020, amounts to \$147,440 (net of accumulated depreciation) compared to \$171,946 as of June 30, 2019. These investments in capital assets include furniture, fixtures and equipment, leasehold improvements, and assets under capital lease. Additional information regarding the School's capital assets can be found in the notes to the basic financial statements.

Economic Factors that Will Impact the Future

The economic position of the School continues to be closely tied to that of the State of Florida. It is expected that the School will continue to maintain its present level of services and financial health. Despite the pandemic, the School will continue to operate in a hybrid model of both on-site and virtual classrooms. Enrollment is expected to be 185 students. For the school year 2020-2021, the initial fulltime equivalent (FTE) calculation indicates a slight increase in per-student annual charter revenue. The anticipated expenditures for the 2020-2021 school year may increase by an amount greater than the projected revenue, in particular in the areas of instruction and support services; however, any shortfall will be covered by the School's unrestricted net position and contributions from SKY. The School charter became effective on July 1, 2011 and was renewed on May 17, 2016 for a period of 15 years. The School is confident that it has the staff and other resources in place to deliver and provide first-rate educational services and is actively seeking new ways to provide a higher level of education as efficiently as possible by managing its cost and being innovative in its approach to providing educational services.

Requests for Information

This financial report is designed to provide a general overview of the School's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Gene Jones at SKY Family YMCA, 701 Center Road, Venice, Florida 34285.

Basic Financial Statements

SKY Academy Venice
A Charter School and Division of SKY Family YMCA, Inc.

Statement of Net Position
June 30, 2020

	Governmental Activities
Assets	
Current assets:	
Cash	\$ 324,008
Accounts receivable	26,618
Prepaid expenses	6,578
Total current assets	<u>357,204</u>
Capital assets, net	<u>147,440</u>
Total assets	<u>504,644</u>
Liabilities and Net Position	
Current liabilities:	
Accounts payable	38,765
Due to related party	85,403
Accrued expenses	86,217
Unearned revenue	985
Total liabilities	<u>211,370</u>
Net position:	
Investment in capital assets	147,440
Unrestricted	145,834
Total net position	<u>\$ 293,274</u>

See notes to basic financial statements.

SKY Academy Venice
A Charter School and Division of SKY Family YMCA, Inc.

Statement of Activities
Year Ended June 30, 2020

	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position – Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Instruction	\$ 973,208	\$ -	\$ 284,504	\$ -	\$ (688,704)
Student support services	53,449	-	-	-	(53,449)
Instruction and curriculum development services	25,209	-	-	-	(25,209)
Instruction-related technology	24,476	-	-	-	(24,476)
General administration	440	-	-	-	(440)
School administration	188,104	-	-	-	(188,104)
Facilities	159,165	-	-	135,122	(24,043)
Food services	246,498	136,490	87,628	-	(22,380)
Central services	11,500	-	-	-	(11,500)
Transportation	83,168	-	-	-	(83,168)
Operation of plant	65,328	-	-	-	(65,328)
Maintenance of plant	2,605	-	-	-	(2,605)
Administrative technology	9,857	-	-	-	(9,857)
Community services	58,529	-	-	-	(58,529)
Total governmental activities	\$ 1,901,536	\$ 136,490	\$ 372,132	\$ 135,122	(1,257,792)
General revenues:					
State sources					1,279,205
Local sources					35,555
Total general revenues					1,314,760
Change in net position					56,968
Net position at beginning of year, as restated (Note 2)					236,306
Net position at end of year					\$ 293,274

See notes to basic financial statements.

SKY Academy Venice
A Charter School and Division of SKY Family YMCA, Inc.

Balance Sheet – Governmental Funds
June 30, 2020

	General Fund
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Assets	
Current assets:	
Cash	\$ 324,008
Accounts receivable	26,618
Prepaid expenses	6,578
	<hr/>
Total assets	\$ 357,204
	<hr/>
Liabilities and Fund Balance	
Liabilities:	
Accounts payable	\$ 38,765
Due to related party	85,403
Accrued expenses	86,217
Unearned revenue	985
Total liabilities	211,370
	<hr/>
Fund balance	
Nonspendable:	
Prepaid expenses	6,578
Unassigned	139,256
Total fund balance	145,834
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Total liabilities and fund balance	\$ 357,204
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See notes to basic financial statements.

SKY Academy Venice
A Charter School and Division of SKY Family YMCA, Inc.

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2020

Total fund balance – governmental funds	\$ 145,834
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds	<u>147,440</u>
Total net position – statement of net position	<u><u>\$ 293,274</u></u>

See notes to basic financial statements.

SKY Academy Venice
A Charter School and Division of SKY Family YMCA, Inc.

Statement of Revenues, Expenditures and Change in Fund Balances – Governmental Funds
Year Ended June 30, 2020

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:			
Federal sources	\$ 11,367	\$ 87,628	\$ 98,995
State sources	1,311,664	90,194	1,401,858
Local sources	412,723	44,928	457,651
Total revenues	1,735,754	222,750	1,958,504
Expenditures:			
Instruction	943,857	-	943,857
Student support services	53,449	-	53,449
Instruction and curriculum development services	25,209	-	25,209
Instruction-related technology	24,476	-	24,476
General administration	440	-	440
School administration	194,218	-	194,218
Facilities	24,043	135,122	159,165
Food services	155,909	87,628	243,537
Central services	11,500	-	11,500
Transportation	83,168	-	83,168
Operation of plant	67,020	-	67,020
Maintenance of plant	2,605	-	2,605
Administrative technology	9,857	-	9,857
Community services	58,529	-	58,529
Total expenditures	1,654,280	222,750	1,877,030
Net change in fund balances	81,474	-	81,474
Fund balances at beginning of year, as restated (Note 2)	64,360	-	64,360
Fund balances at end of year	\$ 145,834	\$ -	\$ 145,834

See notes to basic financial statements.

SKY Academy Venice
A Charter School and Division of SKY Family YMCA, Inc.

**Reconciliation of the Statement of Revenues, Expenditures and Change in Fund Balances
of the Governmental Funds to the Statement of Activities
Year Ended June 30, 2020**

Net change in fund balances – governmental funds	\$ 81,474
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Amounts reported for governmental activities in the statement of activities are different because:

Depreciation expense reported in the statement of activities is not reported as an expenditure in the statement of revenues, expenditures and changes in fund balances – governmental funds	(49,501)
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Capital outlays are reported in the governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.	<u>24,995</u>
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Change in net position – statement of activities	<u><u>\$ 56,968</u></u>
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See notes to basic financial statements.

SKY Academy Venice
A Charter School and Division of SKY Family YMCA, Inc.

Notes to Financial Statements

Note 1. Nature of Organization and Significant Accounting Policies

Organization

SKY Academy Venice (the School) is a division of SKY Family YMCA, Inc. (the YMCA), a Florida not-for-profit organization located in Venice, Florida. The School was organized under Section 1002.33, Florida Statutes, as a public charter middle school to promote pre-adolescent student achievement through a rigorous infusion of wellness and fitness strategies built into the curriculum, and to enable students to live a healthy and productive life.

The YMCA opened the School in 2011. The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operated under a charter approved on July 1, 2011 by its sponsor, the School Board of Sarasota County, Florida (the School Board). The School's initial charter was effective until June 30, 2016.

The initial charter was renewed on May 17, 2016 for a period of 15 years. The renewed and current charter became effective on July 1, 2016 and is effective through June 30, 2031. The charter may be renewed as provided for in Section 1002.33, Florida Statutes. At the end of the term of the charter, the School Board may choose not to renew the charter under grounds specified in the charter. In this case, the School Board is required to notify the School in writing at least 90 days prior to the charter's termination. During the term of the charter, the School Board may also terminate the charter if good cause is shown. In the event of termination of the charter, any property purchased by the School with public funds and any unencumbered public funds revert back to the School Board.

The governing body of the School is its Board of Directors, which is composed of 6 members. The executive director of the YMCA is the executive officer of the School. The School reported, on average, an enrollment of 179 students for the fiscal year ended June 30, 2020.

Average enrollment and grade configuration for the 2019-2020 school year was approximately as follows:

School Name and Address	Grades	Enrollment	Principal
SKY Academy Venice	Sixth	67	Steve Smith
705 Center Road	Seventh	61	
Venice, FL 34285	Eighth	50	

Basis of Presentation

The School maintains its records and prepares its financial statements on the contractual basis of accounting as required by Section 4 of their Charter Contract (Contract) dated May 17, 2016. Section 4 of the Contract requires the School to prepare their financial statements in a manner consistent with the Governmental Accounting Standards Board (GASB) requirements which is different than US GAAP. US GAAP for the School is Financial Accounting Standards Board (FASB) following the not-for-profit financial reporting model. The primary differences between the contractual basis of accounting (i.e. GASB) and FASB relate to amounts reported using the modified accrual basis of accounting; differences in disclosure requirements and the presentation of fund financial statements and government-wide financial statements. Accordingly, both government-wide (reporting on the School as a whole) and fund financial statements (reporting on the governmental funds only) are presented. Both the government-wide and fund financial statements present only governmental activities. The School has no business-type activities.

SKY Academy Venice
A Charter School and Division of SKY Family YMCA, Inc.

Notes to Financial Statements

Note 1. Nature of Organization and Significant Accounting Policies (Continued)

Basic Financial Statements – Government-Wide Financial Statements

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

The government-wide statement of activities reports both the gross and net cost of each of the School's functions. The functions are also supported by general revenues (majority funded from the sponsoring school board). The statement of activities reduces gross expenses (including depreciation) by related program revenues. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary grants.

The net costs, by function, are normally covered by general revenue funding from the sponsoring school district and state grant funding.

The government-wide financial statement focus is more on the sustainability of the School as an entity and the change in the School's financial position resulting from the current year's activities.

Fund Financial Statements

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

The fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues, except for certain grant 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 year. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for Federal, State and other grant resources, revenue is recognized at the time the expenditure is made. Expenditures are generally recognized when the related fund liability is incurred, as under accrual accounting. General capital asset acquisitions are reported as expenditures in governmental funds.

The School reports the following major governmental fund:

- General Fund – Is the School's primary operating fund. It accounts for all financial activity not required to be accounted for in another fund.

Additionally, the School reports the following fund types:

- Special Revenue Fund – Accounts for the proceeds of specific revenue sources and grants that are restricted by law or administrative action to expenditures for specific purpose and to provide a single source of accountability for all the monies received.
- Capital Outlay Fund – This fund is used to account for state capital outlay funding that is legally restricted to expenditures for those particular purposes such as acquisition or construction of facilities or other capital assets.

**SKY Academy Venice
A Charter School and Division of SKY Family YMCA, Inc.**

Notes to Financial Statements

Note 1. Nature of Organization and Significant Accounting Policies (Continued)

Current accounting guidance defines the different types of fund balances that a governmental entity must use for financial reporting purposes and requires the fund balance amounts to be properly reported within one of the fund balance categories listed below:

- *Nonspendable* fund balance is the net current financial resources that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. Examples include such as inventories, prepaid expenses, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed or assigned).
- *Restricted* fund balance includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers or through enabling legislation.
- *Committed* fund balance includes amounts that can be used only for the specific purposes determined by a formal vote of the School Board (the School's highest level of decision-making authority). Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.
- *Assigned* fund balance is intended to be used by the School for specific purposes but that do not meet the criteria to be classified as restricted or committed. The board of directors has authorized the CFO to assign fund balance.
- *Unassigned* fund balance is the residual classification for the School's general fund and includes all spendable amounts not contained in the other classifications.

The School's policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance and unassigned fund balance at the end of the fiscal year by adjusting journal entries.

The School's policy is to consider restricted net position to have been depleted before unrestricted net position is applied on the government-wide financial statements.

Basis of Accounting

Basis of accounting refers to the point at which revenues or expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

- **Accrual** – Governmental activities in the government-wide financial statements are reported using the economic resources measurement focus and are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when a liability is incurred regardless of when the related cash flows.
- **Modified Accrual** – The governmental fund financial statements are reported using the current financial resources measurement focus and presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year-end. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for federal, state, and other grant resources, revenue is recognized at the time a qualify expenditure is incurred. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exceptions to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

**SKY Academy Venice
A Charter School and Division of SKY Family YMCA, Inc.**

Notes to Financial Statements

Note 1. Nature of Organization and Significant Accounting Policies (Continued)

Cash

Amounts reported as cash consists of cash in demand deposit accounts. Cash deposits of the School are held by banks qualified as public depositories under Florida law.

Capital Assets

Capital assets consists of furniture and machinery, office equipment and computers, leasehold improvement and automobiles recorded at cost or the estimated acquisition value at the date of donation. Expenditures in excess of \$500 with an estimated useful life greater than one year are capitalized. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the useful life is not capitalized. When property and equipment is retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts, and any resulting gain or loss is included in the change in net position for the respective period.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Office equipment and computers	5-7 years
Furniture and machinery	3-10 years
Automobiles	5 years
Leasehold improvements	Remaining life of lease term including option renewals

Revenue Sources

Revenues for current operations are received primarily from the School Board pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Section 1002.33, Florida Statutes, the School reports the number of fulltime equivalent (FTE) students and related data to the School Board, which in turn reports this information to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program (FEFP). Funding for the School is adjusted monthly to reflect the revised calculations by the FDOE under the FEFP based upon the actual weighted FTE students reported by the School during the designated student survey periods.

The basic amount of funding through FEFP is the product of: (1) the unweighted FTE, multiplied by (2) the cost factor for each program, multiplied by (3) the base student allocation established by legislature. For the 2019-2020 school year, the School reported 179 unweighted FTE. FEFP funding may also be adjusted as a result of subsequent FTE audits conducted by the Auditor General.

Schools are required to maintain the following documentation for three years or until the completion of an FTE audit:

- Attendance and membership documentation (Rule 6A-1.044, FAC)
- Teacher certificates and other certification documentation (Rule 6A-1.0503, FAC)
- Documentation for instruction teaching out-of-field (Rule 6A-1.0503, FAC)
- Procedural safeguards for weighted programs (Rule 6A-6.0341 I, FAC)
- Evaluation and planning documentation for weighted programs (Section 1011.62(l)(e), FS, and Rule 6A-6.03411, FAC)

**SKY Academy Venice
A Charter School and Division of SKY Family YMCA, Inc.**

Notes to Financial Statements

Note 1. Nature of Organization and Significant Accounting Policies (Continued)

The School receives federal and state awards for capital outlay expenditures and enhancements for various educational programs. The grant awards are based on applications submitted to and approved by the state of Florida or federal agencies. For awards in which a claim to grant proceeds is based upon incurring eligible expenditures, revenue is recognized to the extent that eligible expenditures have been incurred.

Additionally, other revenues are derived from various fundraising activities and contributions.

Income Taxes

The School is not a separate entity for tax purposes. The School is a division of the YMCA, which is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income tax has been recorded in the accompanying basic financial statements.

Estimates

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

Concentration of Revenue Sources

For the year ended June 30, 2020, approximately 91% of the School's revenue was derived from grants from the federal government passed through the State of Florida Department of Education, and state and local funds passed through the school district. The level of the School's operations and program services may be impacted if funding is not renewed.

Allocation of Indirect Costs

Depreciation expense in the government-wide financial statements is allocated to a function based on the function's usage of the related capital asset.

Note 2. Restatement

During the year ended June 30, 2020, management identified an error related to payroll expenses that should have been accrued in the prior year and as a result restated the July 1, 2019 governmental activities beginning net position and general fund beginning fund balance as follows:

	Governmental Activities	General Fund
Beginning fund balance/net position, as previously reported	\$ 299,296	\$ 127,350
Restatement – accrued payroll liabilities	(62,990)	(62,990)
Beginning fund balance/net position, as restated	<u>\$ 236,306</u>	<u>\$ 64,360</u>

The impact of the error on the 2019 governmental activities change in net position and General Fund change in fund balance was \$18,766.

SKY Academy Venice
A Charter School and Division of SKY Family YMCA, Inc.

Notes to Financial Statements

Note 3. Cash

Cash Deposits with Financial Institutions

Custodial Credit Risk-Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the School's deposits may not be returned to the School. The School does not have a policy for custodial credit risk. All School bank balances are fully insured or collateralized as required by Chapter 280, Florida Statutes. At June 30, 2020, the School's deposits in financial institutions totaled \$329,904.

Note 4. Capital Assets

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

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets:				
Furniture and machinery	\$ 293,849	\$ 2,900	\$ -	\$ 296,749
Office equipment and computers	198,541	12,311	-	210,852
Leasehold improvements	115,252	9,784	-	125,036
Automobiles	53,691	-	-	53,691
	<u>661,333</u>	<u>24,995</u>	<u>-</u>	<u>686,328</u>
Less accumulated depreciation and amortization:				
Furniture and machinery	254,841	15,420	-	270,261
Office equipment and computers	160,714	25,989	-	186,703
Leasehold improvements	23,332	4,901	-	28,233
Automobiles	50,500	3,191	-	53,691
	<u>489,387</u>	<u>49,501</u>	<u>-</u>	<u>538,888</u>
	<u>\$ 171,946</u>	<u>\$ (24,506)</u>	<u>\$ -</u>	<u>\$ 147,440</u>

Depreciation expense was \$49,501 for the year ended June 30, 2020. Depreciation was charged to functions as follows:

Governmental activities:	
Instruction	\$ 34,045
Food service	2,961
School administration	4,403
Operation of plant	8,092
	<u>\$ 49,501</u>

Note 5. Related Party Transactions

As described in Note 1, the School is a division of the YMCA. From time to time, there may be amounts due to the YMCA that represent amounts advanced by the YMCA on behalf of the School for operating costs in excess of amounts repaid by the School.

**SKY Academy Venice
A Charter School and Division of SKY Family YMCA, Inc.**

Notes to Financial Statements

Note 5. Related Party Transactions (Continued)

The YMCA pays for the payroll and related payroll liabilities (taxes, insurance, retirement, etc.) on behalf of the School and the School reimburses the YMCA monthly. As of June 30, 2020, the amount due to the YMCA totaled \$85,403. In addition, the YMCA provides various management and professional services to the School under a management services contract. During the year ended June 30, 2020, the contract provided for annual fees of \$485,000. The contract also provides that if, for any reason, the School cannot remit payments due under the contract, the YMCA will allow for reductions and may waive its fees. During the year ended June 30, 2020, the YMCA waived management fees totaling \$485,000. No amounts have been recorded in the accompanying statement of activities for the year ended June 30, 2020, related to the waived fees.

The School also rents its facilities from the YMCA under a lease agreement (see Note 8). In accordance with the lease agreement, future minimum payments due under the lease may be reduced at the discretion of the YMCA to help the cash flows of the School. The YMCA reduced rent by \$96,975 for the year ended June 30, 2020. The School incurred expenses of \$159,165 for the year ended June 30, 2020 under this agreement.

Additionally, the School provides food service for the preschool and after-school programs of YMCA in exchange for a fee. Total fees earned for the year ended June 30, 2020 totaled approximately \$111,482 and are included in local revenues in the statement of activities.

The School and SKY Academy Englewood, a charter school and division of SKY Family YMCA, Inc., receive funding for the national school lunch program and the summer food service program. The funding comes directly to the School, and SKY Academy Englewood is reimbursed for its share. As of June 30, 2020, the amount due to SKY Academy Englewood for the food program totaled \$135.

Note 6. Contributed Materials, Equipment, and Services

Contributed property and materials and equipment, if any, are recorded in the accompanying financial statements at their acquisition values at the date of receipt. The School did not receive any donated property or equipment for the year ended June 30, 2020. A number of volunteers have donated significant amounts of time to the School's administrative services and its fundraising campaigns during the year; however, these donated services are not reflected in the financial statements.

Note 7. State Revenue

A major source of the District's revenue is received from the State of Florida, who provided approximately 72% of total revenues in fiscal year 2019-20. State revenue sources are as follows for the year ended June 30, 2020:

State revenues:	
Florida Education Finance Program	\$ 1,071,747
State Categorical Instructional Materials	16,993
Discretionary Lottery Funds	172
Transportation	22,343
School recognition funds	16,502
Excellent Teaching Program	15,957
Reading programs	7,603
Classrooms First Program	160,347
Public Education Capital Outlay	90,194
Total state revenue	<u>\$ 1,401,858</u>

SKY Academy Venice
A Charter School and Division of SKY Family YMCA, Inc.

Notes to Financial Statements

Note 8. Commitments and Contingencies

Lease agreements: The School leases its premises from the YMCA under an operating lease that expires on June 30, 2022. The lease provides for annual payments of \$256,140, paid in monthly installments. In accordance with the lease agreement, future payments due under the lease may be reduced at the discretion of the YMCA to help the cash flows of the School.

The School also leases a copier under an operating lease expiring in 2021. The lease requires monthly payments of \$485.

Future lease commitments are as follows:

Years ending June 30:	
2021	\$ 260,020
2022	256,140
	<u>\$ 516,160</u>

Rent expense was \$159,165 for the year ended June 30, 2020.

Insurance: The School maintains general liability, errors and omissions and automobile liability insurance. There have not been any significant reductions in insurance coverage during the year. Additionally, no claims have been settled in excess of insurance coverage in the past two years.

COVID-19: The continued global pandemic in 2020 has created substantial volatility in financial markets and the economy, including the geographical areas in which the School operates. While the School has mitigated the financial impact to its business, it is unknown how long these conditions will last and what the complete financial effect will be to the School. Accordingly, there could be further negative impact to operations, the extent to which will depend on future developments, which are highly uncertain and cannot be predicted and, as such, cannot be determined.

Required Supplementary Information (Unaudited)

SKY Academy Venice
A Charter School and Division of SKY Family YMCA, Inc.

Budgetary Comparison Schedule – General Fund (Unaudited)
Year Ended June 30, 2020

	Budgeted Amounts		Actual (Budgetary Basis)	Variance From Final Budget
	Original	Final		
Revenues:				
Federal sources	\$ 5,000	\$ 5,000	\$ 11,367	\$ 6,367
State sources	1,300,470	1,300,470	1,311,664	11,194
Local sources	378,965	378,965	412,723	33,758
Total revenues	1,684,435	1,684,435	1,735,754	51,319
Expenditures:				
Instruction	921,283	921,283	943,857	22,574
Student support services	40,216	40,216	53,449	13,233
Instruction and curriculum development services	25,750	25,750	25,209	(541)
Instruction-related technology	57,571	57,571	24,476	(33,095)
Instruction staff training	2,241	2,241	-	(2,241)
Board	30	30	-	(30)
General administration	-	-	440	440
School administration	192,943	192,943	194,218	1,275
Facilities	-	-	24,043	24,043
Food services	140,782	140,782	155,909	15,127
Central services	19,568	19,568	11,500	(8,068)
Transportation	69,646	69,646	83,168	13,522
Operation of plant	66,303	66,303	67,020	717
Maintenance of plant	-	-	2,605	2,605
Administrative technology	2,000	2,000	9,857	7,857
Community services	26,700	26,700	58,529	31,829
Total expenditures	1,565,033	1,565,033	1,654,280	89,247
Net change in fund balance	119,402	119,402	81,474	(37,928)
Fund balance at beginning of year	168,838	127,350	64,360	-
Fund balance at end of year	\$ 288,240	\$ 246,752	\$ 145,834	\$ (37,928)

Budgetary Basis Accounting

Budgets are presented on the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the object level (e.g. salaries and benefits, purchased services, materials and supplies, and capital outlay). Budgets are prepared and the Board of Directors adopts original budgets annually. Budget amendments must be approved by the Board of Directors. No budget amendments were made during the year.

Other Supplementary Information

SKY Academy Venice
A Charter School and Division of SKY Family YMCA, Inc.

**Combining Statement of Revenues, Expenditures, and Change in
Fund Balances – Nonmajor Governmental Funds
Year Ended June 30, 2020**

	Special Revenue Fund	Capital Project Fund	Total Nonmajor Governmental Funds
Revenues:			
Federal sources	\$ 87,628	\$ -	\$ 87,628
State sources	-	90,194	90,194
Local sources	-	44,928	44,928
Total revenues	87,628	135,122	222,750
Expenditures:			
Facilities	-	135,122	135,122
Food services	87,628	-	87,628
Total expenditures	87,628	135,122	222,750
Net change in fund balances	-	-	-
Fund balances at beginning of year	-	-	-
Fund balances at end of year	\$ -	\$ -	\$ -

SKY Academy Venice
A Charter School and Division of SKY Family YMCA, Inc.

Budgetary Comparison Schedule – Nonmajor Special Revenue Fund
Year Ended June 30, 2020

	Budgeted Amounts		Actual (Budgetary Basis)	Variance From Final Budget
	Original	Final		
Revenues:				
Federal sources	\$ 56,250	\$ 56,250	\$ 87,628	\$ 31,378
Total revenues	56,250	56,250	87,628	31,378
Expenditures:				
Facilities	56,250	56,250	87,628	31,378
Total expenditures	56,250	56,250	87,628	31,378
Net change in fund balance	-	-	-	-
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ -	\$ -

SKY Academy Venice
A Charter School and Division of SKY Family YMCA, Inc.

Budgetary Comparison Schedule – Nonmajor Capital Project Fund
Year Ended June 30, 2020

	Budgeted Amounts		Actual (Budgetary Basis)	Variance From Final Budget
	Original	Final		
Revenues:				
State sources	\$ 91,575	\$ 91,575	\$ 90,194	\$ (1,381)
Local sources	46,250	46,250	44,928	(1,322)
Total revenues	137,825	137,825	135,122	(2,703)
Expenditures:				
Facilities	137,825	137,825	135,122	(2,703)
Total expenditures	137,825	137,825	135,122	(2,703)
Net change in fund balance	-	-	-	-
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ -	\$ -



RSM US LLP

**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**

Independent Auditor's Report

To the Board of Directors
SKY Academy Venice

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-contractual basis, the major fund-contractual basis, and the aggregate remaining fund information-contractual basis of the SKY Academy Venice (the "School"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated March 31, 2021. Our report contains an explanatory paragraph, which describes that the financial statements are prepared on the contractual basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and responses, we did identify certain deficiencies in internal control that we consider to be a material weakness and significant deficiency.

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. We consider the deficiency described in the accompanying schedule of findings and responses as item 2020-001, to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and responses as item 2020-002 to be a significant deficiency.

Compliance and Other Matters

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

School's Response to Finding

The School's response to the findings identified in our audit is described in its accompanying schedule of findings and responses. The School's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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 School'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.

RSM US LLP

St. Petersburg, Florida
March 31, 2021



RSM US LLP

**Management Letter in Accordance with
Chapter 10.850 Rules of the
Auditor General of the State of Florida**

To the Board of Directors
SKY Academy Venice, Florida

Report on the Financial Statements

We have audited the financial statements of the SKY Academy Venice, Florida (the "School"), as of and for the fiscal year ended June 30, 2020, and have issued our report thereon dated March 31, 2021.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and Chapter 10.850, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in this report, which is dated March 31, 2021, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no recommendations made in the preceding annual financial audit report.

Official Title and School Code

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 the management letter. The official title and school code assigned by the Florida Department of Education of the entity are SKY Academy Venice 0110.

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

Section 10.854(1)(e)7 and 10.855(13), Rules of the Auditor General, requires us to apply appropriate procedures and communicate the results of our determination as to whether the School maintains on its website the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that the School maintained on its website the information specified in Section 1002.33(9)(p), Florida Statutes.

Additional Matters

Section 10.854(1)(e)4., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but 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, and applicable management and the School Board of Sarasota County, and is not intended to be and should not be used by anyone other than these specified parties.

RSM US LLP

St. Petersburg, Florida
March 31, 2021

**SKY Academy Venice
A Charter School and Division of SKY Family YMCA, Inc.**

Schedule of Findings and Responses

Finding No. 2020-001 – Accrued Payroll

Material Weakness

Criteria: Some school districts pay teachers on a 12-month basis for services during the 9-month academic year. Because payroll costs are exchange transactions that should be recognized when the employees provide the services, school districts should accrue expenses or expenditures and liabilities at year-end for salaries earned but not yet paid.

Condition: The School did not record accrued payroll for teachers for amounts to be paid in July and August who had fulfilled their contract term as of the end of the fiscal year. Additionally, the School did not record accrued payroll for employees whose pay period spanned over the fiscal year. The School restated beginning fund balance/net position to correct these errors from prior years.

Context: The unrecorded payroll liabilities at June 30, 2020 was approximately \$83,000. Additionally the School restated beginning fund balance/net position for amounts not recorded in previous years in the amount of approximately \$63,000.

Cause: The School previously did not record accrued payroll related to employees whose pay period spanned over the fiscal year since management previously identified the amount as not material. The School did not record the unpaid portion of teacher's contracts due to an oversight.

Effect: The impact of not recording accrued payroll understated the School's liabilities and overstated their fund balance/net position.

Recommendation: We recommend that management review its current policies and procedures to implement a process to calculate and record an accrual of all payroll liabilities due at the end of the fiscal year to ensure the financial statements are fairly stated.

Management's Response: Management concurs with the finding. See corrective action plan.

Finding No. 2020-002 – Financial Close and Reconciliation Process

Significant Deficiency

Criteria: Management is responsible for the maintenance of internal controls over financial reporting with the objective that financial statements are accurate. This includes the design, implementation and maintenance of internal controls relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. To achieve this, the financial year-end close process must be completed in a timely and accurate manner.

Condition: During the course of our audit, we noted that the School had experienced turnover and other matters out of their control related to COVID-19 and therefore did not perform a timely review of the year end close of the 2020 fiscal year end, resulting in several transactions and balances that were incorrectly posted, and intercompany accounts that were not properly reconciled.

Context: These misstatements were noted in accounts receivable, payroll, related party transactions, deferred revenue and several revenue accounts. All the misstatements were corrected as part of the audit process.

**SKY Academy Venice
A Charter School and Division of SKY Family YMCA, Inc.**

Schedule of Findings and Responses (Continued)

Cause: The School did not have an effective process in place during the year or at year end to have periodic reviews performed of the accounting records to provide for the preparation and fair presentation of its financial statements without several adjustments being recorded. Also, it does not appear that sufficient resources were available to be allocated to the oversight and review of the financial accounting records to identify these matters on a timely basis.

Effect: The accounting records as originally provided were not fully complete to provide for the preparation and fair presentation of the financial statements without the recording of the aforementioned accounting adjustments. This along with other matters out of the School's control related to the COVID-19 pandemic contributed to a delay in the issuances of the School's audited financial statements.

Recommendation: We recommend that the School review its current policies and procedures over accounting and financial reporting including both monthly and the year-end closing processes to ensure the close and reconciliation process is completed with sufficient oversight and review to address completeness and accuracy, and reconciling error in a timely manner.

Management's Response: Management concurs with the finding. See corrective action plan.

**SKY Academy Venice
A Charter School and Division of SKY Family YMCA, Inc.**

Schedule of Findings and Responses (Continued)

Finding No. 2020-001 – Accrued Payroll – Material Weakness

Management recognizes and has accepted the need to record an accrual for wages earned but not paid as of the end of the June 30, 2020 fiscal year, including wages for teachers paid on a 12-month schedule that work on a 10-month schedule. In the past The SKY Family YMCA, including the SKY Academy Venice charter school had recorded wages on a cash basis, therefore the wages expense was only recorded when the wages were paid. While a departure from GAAP, Management had been consistent with this accounting treatment for this expense, and therefore expenses in any one year were materially correct. Management considers the change to accrual basis for reporting wages expenses an improvement to our financial reporting moving forward, and as a result, this matter will not repeat itself in the future.

Person Responsible: John Campbell, CFO, The Sky Family YMCA Inc.
Date: Completed

Finding No. 2020-002 – Financial close and reconciliation process – Significant Deficiency

Management accepts responsibility for maintaining proper internal controls over financial reporting. The COVID-19 Pandemic caused significant disruption to many organizations including The SKY Family YMCA and the SKY Academy Venice. At the outset of the Pandemic, there was significant turnover and resulting shifting of responsibilities in the Finance department.

In response to the Pandemic, the management of the organization shifted primary focus to responding to emerging community needs by providing essential services including emergency childcare for frontline workers and essential employees, virtual learning centers, senior outreach, and expanding food service programs to allow us to serve the families in our community during their greatest time of need. While at the same time, management has been positioning the organization for continued stability and sustainability through the Pandemic and into the future. As the organization has worked to come out of the Pandemic, Management now has adequate staff in place to assure proper adherence to its internal controls. Account reconciliations and proper review of transactions are being completed on a regular basis.

Person Responsible: John Campbell, CFO, The Sky Family YMCA Inc.
Date: Completed