

**Emma Jewel Charter Academy,
Inc.**

**A Charter School and Component
Unit of the District School Board
of Brevard County, Florida**

**Financial Statements with
Independent Auditors' Reports
Thereon**

June 30, 2021

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1-2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3-8
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements:	
Statement of Net Position	9
Statement of Activities	10
Fund Financial Statements:	
Balance Sheet – Governmental Funds	11
Reconciliation of the Governmental Funds – Balance Sheet to the Statement of Net Position	12
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	13
Reconciliation of the Statement of Revenues, Expenditures and Changes In Fund Balances – Governmental Funds to the Statement of Activities	14
Notes to Financial Statements	15-29
REQUIRED SUPPLEMENTAL INFORMATION	
Budgetary Comparison Schedule – General Fund	30
Budgetary Comparison Schedule – Special Revenue Fund	31
SUPPLEMENTAL INFORMATION	
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	32-33
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	34-35
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	36-37
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	38
MANAGEMENT LETTER	39-40
MANAGEMENT FINDINGS, RECOMMENDATIONS AND RESPONSES	41



Partners

W. Ed Moss, Jr.
Joe M. Krusick
Cori G. Cameron
Bob P. Marchewka
Ric Perez
Thomas F. Regan
Ernie R. Janvrin
Richard F. Hayes
Renee C. Varga
Shawn M. Marshall

Winter Park, FL 32789
501 S. New York Ave.
Suite 100
Phone: 407-644-5811
www.mosskrusick.com

N. Palm Beach, FL 33408
631 US Highway One
Suite 405
Phone: 561-848-9300

Miami Lakes, FL 33016
7900 NW 155th Street
Suite 201
Phone: 305-445-7956

American Institute of
Certified Public
Accountants

Florida Institute of
Certified Public
Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Emma Jewel Charter Academy, Inc.
A Charter School and Component Unit of the District
School Board of Brevard County, Florida

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Emma Jewel Charter Academy, Inc., (the "School"), a Charter School and Component Unit of the District Board of Brevard County, Florida, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and budgetary comparison information on pages 3-8 and 30-31 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements. Such information is 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. The 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 schedule of expenditures of federal awards 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 August 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.

Moss, Krusick & Associates, LLC

Winter Park, Florida
August 31, 2021

Management's Discussion and Analysis

Management of Emma Jewel Charter Academy, Inc. (the "School"), offers the following narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2021.

Readers are encouraged to use this information in conjunction with information furnished in the School's financial statements. This summary should not be taken as a replacement for the audit, which consists of the basic financial statements and other supplemental information.

Financial Highlights

- Fiscal year 2021 is the School's eight year of operations.
- The School was awarded a five year charter renewal contract which expires June 30, 2022.
- For the fiscal year ended June 30, 2021, the School's revenues exceeded expenses by \$580,224.
- The Paycheck Protection Program ("PPP") loan of \$425,000 established by the Coronavirus Aid Relief, and Economic Security Act ("CARES Act") received during fiscal year 2020, was forgiven as of June 30, 2021 and recorded as other revenue in the 2021 government-wide financial statements.

Overview of the Basic Financial Statements

This discussion and analysis are intended to serve as an introduction to the School's basic financial statements. The School's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. The basic financial statements present two different views of the School through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information to enhance the reader's understanding of the financial condition of the School. This document also includes the 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*, as well as the management letter required by the Rules of the Auditor General, Chapter 10.850, Audits of Charter Schools and Similar Entities.

Government-wide Financial Statements

The government-wide financial statements are designed to provide a broad overview of the School's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long term information about the School's financial status as a whole.

The two government-wide financial statements report the School's net position and the current year changes. The net position is the difference between the School's total assets and total liabilities. Measuring the net position is one way to evaluate the School's financial condition.

The government-wide statements are divided into three categories: 1) governmental activities, 2) business-type activities and 3) component units. The governmental activities include the School's basic services. For the year ended June 30, 2021, the School had no business-type activities or component units.

Fund Financial Statements

The fund financial statements provide a more detailed look at the School's most significant activities. A fund is a group of related accounts used to maintain control over resources segregated for specific activities or objectives. All of the operations of the School are presented in governmental fund only.

Governmental Funds

Governmental funds are used to account for those functions reported as governmental activities. The School's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what money is left at year-end is available for spending in the next year. Governmental funds are reported using an accounting method called modified accrual accounting. This method also has a current financial resources focus. As a result, the governmental fund financial statements provide a detailed short-term view of the financial resources available to finance the School's programs. The relationship between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The School adopts annual budgets for its general and special revenue funds, as required by the Florida Statutes. The budgets are legally adopted by management of the School and its Board. The budgetary comparison schedule shows four columns: 1) the original budget as adopted by the Board, 2) the final budget as amended by the Board, 3) the actual resources, charges and ending balances in the general and special revenue funds, and 4) the variance between the final budget and the actual resources and charges.

Notes to Financial Statements

The notes to financial statements provide additional information essential to the full understanding of the information reported in the government-wide and fund financial statements. The notes to the financial statements start on page 15 of this report.

GOVERNMENT-WIDE ANALYSIS OF THE SCHOOL

Net Position

The School's combined net position as of June 30, 2021 is summarized as follows:

	Governmental Activities		
	June 30, 2021	June 30, 2020	Variance
Assets:			
Current assets	\$ 260,060	\$ 433,340	\$ (173,280)
Capital assets, net	2,007,170	1,483,882	523,288
Total assets	<u>2,267,230</u>	<u>1,917,222</u>	<u>350,008</u>
Liabilities:			
Current liabilities	211,776	139,421	72,355
Long-term liabilities	446,884	749,455	(302,571)
Total liabilities	<u>658,660</u>	<u>888,876</u>	<u>(230,216)</u>
Net position:			
Investment in capital assets, net of related debt	1,560,286	1,159,427	400,859
Unrestricted	48,284	(131,081)	179,365
Total net position	<u>\$ 1,608,570</u>	<u>\$ 1,028,346</u>	<u>\$ 580,224</u>

The change in current assets is primarily due to \$425,000 of PPP funds received in 2020. The change in capital assets is due to the current year additions exceeding the current year depreciation. Long-term liabilities decreased due to the PPP funds, which were considered a loan at June 30, 2021 and were forgiven during the fiscal year ended June 30, 2021. The change in total net position is due to the current year operating surplus.

Change in Net Position

The School's total revenues exceeded expenses by \$580,224 in fiscal 2021 - see table below.

	Governmental Activities		
	2021	2020	Variance
Revenues:			
Federal sources	\$ 857,961	\$ 645,845	\$ 212,116
State and local sources	2,923,359	2,793,188	130,171
Contributions and other revenues	823,355	130,786	692,569
Total revenues	<u>4,604,675</u>	<u>3,569,819</u>	<u>1,034,856</u>
Expenses:			
Instruction	2,219,817	2,009,044	210,773
Instructional staff training	145,894	129,752	16,142
Board	9,419	10,190	(771)
General administration	97,692	90,948	6,744
School administration	597,022	504,634	92,388
Fiscal services	34,375	69,360	(34,985)
Food services	301,229	267,347	33,882
Transportation	115,552	115,367	185
Operation of plant	310,124	282,283	27,841
Maintenance	142,052	84,657	57,395
Central services	1,115	473	642
Administrative technology services	34,786	4,152	30,634
Interest	15,374	18,484	(3,110)
Total expenses	<u>4,024,451</u>	<u>3,586,691</u>	<u>437,760</u>
Change in net position	<u>\$ 580,224</u>	<u>\$ (16,872)</u>	<u>\$ 597,096</u>

Although the student enrollment dropped from 354 FTE for fiscal 2020 to 344 for fiscal 2021, the State and local sources increased to match the demand increase for instruction related expenditures due to COVID-19. Contributions and other revenues increased primarily from PPP loan forgiveness of \$425,000. Overall, the School experienced an increase in instruction expenditures due to an increase in the demand for instructors, materials, and administration services.

Financial Analysis of the School's Funds

Governmental Funds

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

As the School completed the year, its governmental funds reported a combined fund balance of \$48,284.

General and Special Revenue Funds Budgetary Highlights

During the fiscal year, the School maintained an operating budget. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget once exact information is available; 2) amendments made to recognize changes in funding amounts; and 3) changes in appropriations that become necessary to maintain services.

In the general fund, actual revenues exceeded budgeted amounts by approximately \$240,000, because of receipt of insurance proceeds. Actual expenditure amounts exceeded original budgeted amounts by approximately \$507,000 primarily due to actual capital outlay of approximately \$638,000. In the special revenue fund, actual revenues and expenses exceeded budgeted amounts by approximately \$66,000 and \$285,000, respectfully. A budget amendment was made to agree final budgeted amounts to actual amounts.

Capital Assets and Debt Administration

At the end of fiscal year 2021, the School had invested approximately \$2,007,000 in capital assets, net of accumulated depreciation of approximately \$506,000.

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>Variance</u>
Capital assets			
Buildings and improvements	\$ 1,981,527	\$ 1,677,778	\$ 303,749
Furniture, fixtures and equipment	316,296	196,805	119,491
Vehicles	215,345	-	215,345
Total	<u>2,513,168</u>	<u>1,874,583</u>	<u>638,585</u>
Less - accumulated depreciation	<u>(505,998)</u>	<u>(390,701)</u>	<u>(115,297)</u>
Total capital assets	<u>\$ 2,007,170</u>	<u>\$ 1,483,882</u>	<u>\$ 523,288</u>

This year's major capital asset additions included the following:

- Building and improvements - \$303,749
- Furniture, fixtures and equipment - \$119,491
- Vehicles - \$215,345

More detailed information about the School's capital assets is presented in Note 4 to the financial statements.

Long-Term Liabilities

The School obtained a loan in the amount of \$215,345 to purchase two buses and paid interest of approximately \$15,000 during the fiscal year June 30, 2021. The Paycheck Protection Program ("PPP") loan of \$425,000 received during fiscal year 2020, was forgiven as of June 30, 2021. More detailed information about the School's long-term liabilities is presented in Note 5 to the financial statements

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Budget Highlights for the Fiscal Year Ended June 30, 2022

Amounts available for appropriation in the general fund are approximately \$3.1 million, a decrease of approximately \$220,000 over the actual 2021 amount. The change is due to a decrease in general operating, internal revenue and other state grants.

Budgeted expenditures in the general fund are approximately \$3.1 million, a decrease of \$600,000 over the actual 2021 amount.

If these estimates are realized, the School's general fund balance is expected to increase for the fiscal year ending June 30, 2022.

CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT

This financial report is designed to provide interested parties with a general overview of the School's finances and to demonstrate the School's accountability for the money it receives. Should additional information be required contact the School's administrative offices at 705 Blake Avenue Cocoa, FL 32922.

EMMA JEWEL CHARTER ACADEMY, INC.

**A Charter School and Component Unit of the
District School Board of Brevard County, Florida**

STATEMENT OF NET POSITION

June 30, 2021

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalent	\$ 82,581
Due from other agencies	142,787
Deposits	15,511
Prepaid items	19,181
Capital assets:	
Buildings and improvements	1,981,527
Furniture, fixtures and equipment	316,296
Vehicles	215,345
Less accumulated depreciation	<u>(505,998)</u>
 Total capital assets, net	 <u>2,007,170</u>
 Total assets	 <u><u>\$ 2,267,230</u></u>
 LIABILITIES	
Accounts payable and accrued expenses	\$ 211,776
Long-term liabilities:	
Portion due or payable within one year:	
Notes payable	116,653
Portion due or payable after one year:	
Notes payable	<u>330,231</u>
 Total liabilities	 <u>658,660</u>
 NET POSITION	
Invested in capital assets, net of related debt	1,560,286
Unrestricted	<u>48,284</u>
 Total net position	 <u>1,608,570</u>
 Total liabilities and net position	 <u><u>\$ 2,267,230</u></u>

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

EMMA JEWEL CHARTER ACADEMY, INC.

**A Charter School and Component Unit of the
District School Board of Brevard County, Florida**

STATEMENT OF ACTIVITIES

Year Ended June 30, 2021

Functions/ Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					Governmental Activities
Instruction	\$ 2,219,817	\$ -	\$ 597,086	\$ -	\$ (1,622,731)
Instructional staff training	145,894	-	-	-	(145,894)
Board	9,419	-	-	-	(9,419)
General administration	97,692	-	-	-	(97,692)
School administration	597,022	-	-	-	(597,022)
Fiscal services	34,375	-	-	-	(34,375)
Food services	301,229	-	222,862	-	(78,367)
Transportation	115,552	-	38,013	-	(77,539)
Operation of plant	310,124	-	-	224,221	(85,903)
Maintenance of plant	142,052	-	-	-	(142,052)
Central services	1,115	-	-	-	(1,115)
Administrative technology services	34,786	-	-	-	(34,786)
Debt service	15,374	-	-	-	(15,374)
Total governmental activities	\$ 4,024,451	\$ -	\$ 857,961	\$ 224,221	(2,942,269)
General revenues:					
State and local sources					2,699,138
Contributions and other revenues					<u>823,355</u>
Total general revenues					<u>3,522,493</u>
Change in net position					580,224
Net position at beginning of year					<u>1,028,346</u>
Net position at end of year					<u>\$ 1,608,570</u>

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

EMMA JEWEL CHARTER ACADEMY, INC.

**A Charter School and Component Unit of the
District School Board of Brevard County, Florida**

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2021

	<u>General Fund</u>	<u>Special Revenue Func</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash	\$ 82,581	\$ -	\$ -	\$ 82,581
Accounts receivable	90,356	52,431	-	142,787
Deposits	15,511	-	-	15,511
Prepaid items	19,181	-	-	19,181
Due from special revenue func	52,431	-	-	52,431
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	\$ 260,060	\$ 52,431	\$ -	\$ 312,491
	<hr/>	<hr/>	<hr/>	<hr/>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 211,776	\$ -	\$ -	\$ 211,776
Due to general func	-	52,431	-	52,431
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	211,776	52,431	-	264,207
	<hr/>	<hr/>	<hr/>	<hr/>
FUND BALANCES				
Nonspendable				
Prepaid expenditures	19,181	-	-	19,181
Deposits	15,511	-	-	15,511
Unassigned	13,592	-	-	13,592
	<hr/>	<hr/>	<hr/>	<hr/>
Total fund balances	48,284	-	-	48,284
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities and fund balances	\$ 260,060	\$ 52,431	\$ -	\$ 312,491
	<hr/>	<hr/>	<hr/>	<hr/>

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

EMMA JEWEL CHARTER ACADEMY, INC.

**A Charter School and Component Unit of the
District School Board of Brevard County, Florida**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS - BALANCE SHEET
TO THE STATEMENT OF NET POSITION**

June 30, 2021

Total fund balance - governmental funds \$ 48,284

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

Capital assets used in governmental activities are not
financial resources and, therefore, are not reported as
assets in the governmental funds. The cost of the capital
assets are \$2,513,168 and the accumulated depreciation is
\$505,998. 2,007,170

Long-term liabilities, including notes payable, are not due
and payable in the current period and, therefore, are not
reported as liabilities in the governmental funds. Long-term
liabilities at year end consist of:

Notes payable (446,884)

Total net position - governmental activities \$ 1,608,570

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

EMMA JEWEL CHARTER ACADEMY, INC.

**A Charter School and Component Unit of the
District School Board of Brevard County, Florida**

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

Year Ended June 30, 2021

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
Revenues				
Federal sources passed through local school district	\$ -	\$ 857,961	\$ -	\$ 857,961
State and local sources	2,923,359	-	-	2,923,359
Contributions and other revenue	398,355	-	-	398,355
Total revenues	3,321,714	857,961	-	4,179,675
Expenditures				
Current:				
Instruction	1,877,674	342,143	-	2,219,817
Instructional staff training	-	145,894	-	145,894
Board	9,419	-	-	9,419
General administration	97,692	-	-	97,692
School administration	489,033	2,356	-	491,389
Fiscal services	34,375	-	-	34,375
Food services	2,491	289,074	-	291,565
Transportation	73,264	42,288	-	115,552
Operation of plant	273,918	36,206	-	310,124
Maintenance of plant	142,052	-	-	142,052
Central services	1,115	-	-	1,115
Administrative technology services	34,786	-	-	34,786
Debt service:				
Principal	-	-	92,916	92,916
Interest	-	-	15,374	15,374
Capital outlay	638,585	-	-	638,585
Total expenditures	3,674,404	857,961	108,290	4,640,655
Excess (deficiencies) of revenue over expenditures	(352,690)	-	(108,290)	(460,980)
Other financing sources (uses)				
Operating transfer in	107,055	-	-	107,055
Operating transfer out	-	-	(107,055)	(107,055)
Debt proceeds long term debt	-	-	215,345	215,345
Total other financing sources	107,055	-	108,290	215,345
Net changes in fund deficit	(245,635)	-	-	(245,635)
Fund balance at beginning of year	293,919	-	-	293,919
Fund balance at end of year	\$ 48,284	\$ -	\$ -	\$ 48,284

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

EMMA JEWEL CHARTER ACADEMY, INC.

**A Charter School and Component Unit of the
District School Board of Brevard County, Florida**

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

Year Ended June 30, 2021

Net change in fund balances - total government funds \$ (245,635)

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

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

Total fixed capital outlay	\$ 638,585	
Less: depreciation	<u>(115,297)</u>	523,288

The issuance of long-term debt (e.g. notes payable) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. These amounts are the net effect of these differences in the treatment of long-term debt and related items:

Principal payments on long-term debt	92,916	
Forgiveness of debt	425,000	
Proceeds from long-term debt	<u>(215,345)</u>	<u>302,571</u>

Change in net position of governmental activities \$ 580,224

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

EMMA JEWEL CHARTER ACADEMY, INC.

**A Charter School and Component Unit of the
District School Board of Brevard County, Florida**

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Emma Jewel Charter Academy, Inc. (the "School"), is a not-for-profit corporation that operates under a charter approved by the sponsoring district, the District School Board of Brevard County Florida (the "School Board"). The governing body of the School is the Board of which is composed of at least three members.

Charter Contract

The current charter expires June 30, 2024 and may be renewed for a maximum of an additional fifteen years by mutual written agreement between the School and the School Board. Upon the expiration of the charter, the School Board may elect 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 expiration. However, the School Board may terminate the current charter at any time 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.

Basis of Presentation

Based on the guidance provided in the American Institute of Certified Public Accountants Audit and Accounting Guide - *Audits for States and Local Governments* and provisions in the Florida Statutes, the School is considered as a governmental organization for financial statement reporting purposes. The School is required by its agreement with the School Board to use the governmental reporting model and follow the fund and accounting structure provided in the "Financial and Program Cost Accounting and Reporting for Florida Schools - The Red Book" issued by the Florida Department of Education (FDOE).

Government-wide Financial Statements

The government-wide financial statements provide both short-term and long-term information about the School in a manner similar to those of a private-sector business. The statement of net position and statement of activities are designed to provide financial information as a whole about the School on an accrual basis of accounting. The statement of net position provides information about the School's financial position, its assets and liabilities, using an economic resources measurement focus.

The statement of activities presents a comparison between direct expenses and program revenue for each function or program of the School's governmental activities. Direct expenses are those that are specifically associated with a program or function, therefore, are clearly identifiable to a particular function.

EMMA JEWEL CHARTER ACADEMY, INC.

**A Charter School and Component Unit of the
District School Board of Brevard County, Florida**

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

**NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)**

Government-wide Financial Statements

Program revenues include charges paid by the recipient for goods and services offered by the program, grants and contributions restricted for meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenue.

Fund Financial Statements

The governmental fund financial statements report detailed information about the School's most significant funds, not the School as a whole. A fund is a group of related accounts used to maintain control over resources segregated for specific activities or objectives. The School uses fund accounting to ensure and demonstrate compliance with finance related requirements. Certain funds are established by law while others are created by grant agreements. The following are major individual governmental funds reported in the fund financial statements:

- General Fund – is the School's primary operating fund that accounts for all financial resources of the School, except those required to be accounted for in another fund.
- Special Revenue Fund – to account for the proceeds of specific revenue sources restricted or committed to the expenditures for a specific purpose, including all federal grant revenues passed through the School District (i.e., Title 1, Title 2, National School Lunch Program).
- Debt Service Fund – to account for the accumulation of resources for, and payment of general long-term debt principle, interest, and related costs.

For the purpose of these statements, the general, debt service and special revenue funds are considered major funds.

Basis of Accounting

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

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

EMMA JEWEL CHARTER ACADEMY, INC.

**A Charter School and Component Unit of the
District School Board of Brevard County, Florida**

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

**NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)**

Basis of Accounting

Governmental fund financial statements are reported using the modified accrual basis of accounting. Under this method, revenues, except for certain grant revenues, are recognized when they become measurable and available. Revenues are considered to be available when they are collectable within a current period. 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, revenues are recognized at the time the expenditure is made. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized when due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisition of capital leases are reported as other financing sources.

Budgetary Basis Accounting

Budgets are prepared using the modified accrual basis of accounting and the governing board must approve all budgets and amendments. During the fiscal year, expenditures were controlled at the object level. Budgets may be amended by resolution of the Board prior to the date of the annual report.

Cash and Cash Equivalents

The School's cash and cash equivalents consist primarily of demand deposits with financial institutions.

The School maintains its cash with one financial institution. The School's accounts at this institution, at times, may exceed the federally insured limit. The School has not experienced any losses in such accounts and does not believe it is exposed to any significant risks.

Prepaid Items

Payment made to vendors for services that will benefit periods beyond June 30 2021, are recorded as prepaid items in both government-wide and fund financial statements.

EMMA JEWEL CHARTER ACADEMY, INC.

**A Charter School and Component Unit of the
District School Board of Brevard County, Florida**

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

**NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)**

Interfund Balances and Transfers

The purpose of interfund transfers are to cover receipts and payments made from the general fund on behalf of the special revenue and debt service funds.

Capital Assets and Depreciation

The School's capital assets with useful lives of more than one year are stated at historical cost and reported in the statement of net position in the government-wide financial statements. Donated capital assets are recorded at their acquisition value on the date of donation. The School capitalizes assets with a cost of \$750 or more. Expenditures of normal maintenance and repair that do not add to the assets' value or extend the useful lives are not capitalized. Depreciation is computed using the straight-line method. Estimated useful lives of the assets are as follows:

<u>Assets</u>	<u>Years</u>
Leasehold improvements	30
Furniture, fixtures and equipment	3-5

Net Position and Fund Balance Classifications

Government-Wide financial statements

Net Position is classified and reported in three components:

- Investment in capital assets, net of related debt – consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributed to the acquisition or improvement of those assets.
- Restricted – consists of amounts with constraints placed on their use either by external groups such as creditors, grantors, contributors or laws or regulations of other governments.
- Unrestricted – all other amounts that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Fund financial statements

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

EMMA JEWEL CHARTER ACADEMY, INC.

**A Charter School and Component Unit of the
District School Board of Brevard County, Florida**

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

**NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)**

Net Position and Fund Balance Classifications

- Nonspendable – fund balance associated with inventories, prepaid items, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed or assigned). All nonspendable fund balances at year end relate to assets that are in not spendable form.
- Restricted – fund balance category includes amounts that can be spent only for the specific purposes stipulated by the constitution, external resource providers, or through enabling legislation.
- Committed – fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School's Board of Governance.
- Assigned – fund balance classification includes amounts that are intended to be used by the School's management for specific purposes but do not meet the criteria to be classified as restricted or committed.
- Unassigned – fund balance that is the residual amount for the School's general fund and includes all spendable amounts not contained in the other classifications.

This statement also clarifies the definition of the special revenue fund to denote that the special revenue may be used to account for the proceeds of specific revenue sources (other than trust for individual, private organizations or other governmental or for major capital projects) legally restricted to expenditures for specified purposes.

Order of Fund Balance Spending Policy

The School's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year. First, non-spendable fund balances are determined. Then restricted fund balances for specific purposes are determined (not including non-spendable amounts). Any remaining fund balance amounts for the non-general funds are classified as restricted fund balance. It is possible for non-general funds to be classified as restricted fund balance. It is also possible for the non-general funds to have negative unassigned fund balance when nonspendable amounts plus the restricted fund balances for specific purposes amounts exceed the positive fund balance for the non-general fund.

EMMA JEWEL CHARTER ACADEMY, INC.

**A Charter School and Component Unit of the
District School Board of Brevard County, Florida**

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

**NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)**

Revenue Sources

Revenues for operations are received primarily from the District School Board of Brevard County, Florida 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 full-time equivalent (FTE) students and related data to the School District. The School Board receives a 5% administrative fee from the School, which is withheld from the respective FEFP payments. The administrative expense is reflected as a general administration expense/expenditure in the accompanying statement of activities and statement of revenues, expenditures and changes in fund balances - governmental funds. The administrative fee is calculated on the FEFP revenue up to 250 students.

Under provisions of Section 1011.62, Florida Statutes, the District reports the number of students and related data to FDOE for funding through the Florida Education Finance Program (FEFP). Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the FEFP and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey period. The FDOE may also adjust subsequent fiscal period allocations based on an audit of the School's compliance in determining and reporting FTE and related data. Generally, such adjustments are treated as reductions or additions of revenues in the year when the adjustments are made.

The basic amount of funding through the FEFP under Section 1011.62 is calculated based on (1) unweighted FTE, multiplied by (2) the cost factor for each program multiplied by (3) the base student allocation established by the Florida legislature. Additional funds for exceptional students who do not have a matrix of services are provided through the guaranteed allocation designated in Section 1011.62(1)(e)2., Florida Statutes. For the year ended June 30, 2021, the School reported 344 unweighted FTE.

The School received additional funding under other federal and state grants. This assistance is generally received based on applications submitted to various granting agencies. For federal and state grants in which funding is awarded based on incurring eligible expenditures, revenue is recognized as the amount of eligible expenditures have been incurred.

EMMA JEWEL CHARTER ACADEMY, INC.

**A Charter School and Component Unit of the
District School Board of Brevard County, Florida**

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

**NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)**

Use of Estimates

In preparing the financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the balance sheet and revenues and expenses/expenditures for the period presented. Actual results could differ significantly from those estimates.

Recent GASB Pronouncements

- GASB 87, Leases – Establishes new guidance for lease accounting for lessees and lessors and eliminates the classification of leases into operating or capital leases. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right-to-use an underlying asset. Lessees will recognize a lease liability and an intangible right to use lease asset. Lessors will recognize a lease receivable and a deferred inflow of resources. The new guidance is effective for fiscal 2022.

The School is evaluating the effect of this new standard on its financial statements.

NOTE 2 – FAIR VALUE MEASUREMENTS

Accounting principles generally accepted in the United States of America (GAAP) define fair value for an investment generally as the price an organization would receive upon selling the investment in an orderly transaction to an independent buyer in the principal or most advantageous market for the investment. The information available to measure fair value varies depending on the nature of each investment and its market or markets. Accordingly, GAAP recognizes a hierarchy of "inputs" an organization may use in determining or estimating fair value. The inputs are categorized into "levels" that relate to the extent to which an input is objectively observable and the extent to which markets exist for identical or comparable investments.

EMMA JEWEL CHARTER ACADEMY, INC.

**A Charter School and Component Unit of the
District School Board of Brevard County, Florida**

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 2 – FAIR VALUE MEASUREMENTS (continued)

In determining or estimating fair value, an organization is required to maximize the use of observable market data (to the extent available) and minimize the use of unobservable inputs. The hierarchy assigns the highest priority to unadjusted quoted prices in active markets for identical items (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

The fair value hierarchy distinguishes between independent observable inputs and unobservable inputs used to measure fair value as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2: Inputs other than quoted market prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for an asset or liability. Level 3 inputs should be used to measure fair value to the extent that observable Level 1 or 2 inputs are not available.

This statement requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. The School's significant financial instruments are cash, accounts receivable, accounts payable, short term borrowings, and other short term assets and liabilities. For these financial instruments (Level 1), carrying values approximate fair value because of the short maturity of these instruments.

NOTE 3 – DUE FROM OTHER AGENCIES

Due from other agencies included in the accompanying financial statements include approximately \$18,000 of capital outlay, \$10,000 food service funds, \$42,000 of federal grant revenue. Based on the source of the funds, management has evaluated the collectability and an allowance for doubtful accounts is not considered necessary.

EMMA JEWEL CHARTER ACADEMY, INC.

**A Charter School and Component Unit of the
District School Board of Brevard County, Florida**

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021 was as follows:

	<u>Balance at July 1, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2021</u>
Capital assets:				
Buildings and improvements	\$ 1,677,778	\$ 303,749	\$ -	\$ 1,981,527
Furniture, fixtures, & equipment	196,805	119,491	-	316,296
Vehicles	-	215,345	-	215,345
Total capital assets	<u>1,874,583</u>	<u>638,585</u>	<u>-</u>	<u>2,513,168</u>
Accumulated depreciation:				
Buildings and improvements	(291,135)	(60,427)	-	(351,562)
Furniture, fixtures, & equipment	(99,566)	(53,075)	-	(152,641)
Vehicles	-	(1,795)	-	(1,795)
Total accumulated depreciation	<u>(390,701)</u>	<u>(115,297)</u>	<u>-</u>	<u>(505,998)</u>
Capital assets, net	<u>\$ 1,483,882</u>	<u>\$ 523,288</u>	<u>\$ -</u>	<u>\$ 2,007,170</u>
Depreciation expense:				
Food Services		\$ 9,664		
School administration		105,633		
Total governmental activities depreciation expense		<u>\$ 115,297</u>		

NOTE 5 – LONG-TERM LIABILITIES

The School has three long-term note payables outstanding at June 30, 2021, as described below:

The School has entered into a long-term note payable with Building Hope, a Charter School Facilities Fund. Effective September 2018, principal and interest payments of \$4,560 are due monthly. The note bears interest at 4.75% and matures July 2023. The note is secured by a first priority lien. In the event the School's charter is terminated, Building Hope has the right to assume the lease and re-rent the property, which has an assigned value of \$550,000.

The following is a summary of changes in the Building Hope note payable for the year ended June 30, 2021:

EMMA JEWEL CHARTER ACADEMY, INC.

**A Charter School and Component Unit of the
District School Board of Brevard County, Florida**

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 5 – LONG-TERM LIABILITIES (continued)

Balance outstanding at the beginning of the year	\$ 160,598
Addition	-
Reduction	<u>(48,135)</u>
Balance outstanding at the end of the year	<u>\$ 112,463</u>

The School entered into a long-term note payable with Florida Community Loan Fund. Effective July 2018, principal and interest payments of \$4,220 are due monthly. The note bears interest at 4.75% and matures December 2023.

The following is a summary of changes in the Florida Community Loan Fund note payable for the year ended June 30, 2021:

Balance outstanding at the beginning of the year	\$ 163,857
Addition	-
Reduction	<u>(43,919)</u>
Balance outstanding at the end of the year	<u>\$ 119,938</u>

The School entered into a long-term note payable with a financial institution to purchase two school buses. Effective April 2021, principal and interest payments of \$2,769 are due monthly. The note bears interest at 5.30% and matures June 2029.

The following is a summary of changes in the note payable for the year ended June 30, 2021:

Balance outstanding at the beginning of the year	\$ -
Addition	215,345
Reduction	<u>(862)</u>
Balance outstanding at the end of the year	<u>\$ 214,483</u>

EMMA JEWEL CHARTER ACADEMY, INC.

**A Charter School and Component Unit of the
District School Board of Brevard County, Florida**

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 5 – LONG-TERM LIABILITIES (continued)

On March 27, 2020, the Coronavirus Aid Relief, and Economic Security Act (“CARES Act”) was enacted in response to the Covid-19 pandemic. Under the CARES Act, the Paycheck Protection Program was established to provide assistance to small businesses with resources needed to maintain payroll and cover applicable overhead. On April 14, 2020, the School, through a financial institution was approved for and received a loan in the amount of \$425,000 under this program. On March 17, 2021, management obtained forgiveness of the loan and reclassified the loan to grant income.

Future debt service related to the long-term liabilities is as follows as of June 30, 2021:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ended June 30,			
2022	\$ 116,653	\$ 19,171	\$ 135,824
2023	124,347	14,246	138,593
2024	60,189	9,018	69,207
2025	26,135	7,093	33,228
2026	27,554	5,674	33,228
Thereafter	92,005	7,680	99,685
Total	<u>\$ 446,883</u>	<u>\$ 62,882</u>	<u>\$ 509,765</u>

Interest paid during the year ended June 30, 2021 totaled approximately \$15,000.

EMMA JEWEL CHARTER ACADEMY, INC.

**A Charter School and Component Unit of the
District School Board of Brevard County, Florida**

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 6 – SCHEDULE OF STATE AND LOCAL REVENUE SOURCES

<u>Source</u>	<u>Amount</u>
District School Board of Brevard County, Florida	
Florida Education Finance Program	\$ 1,560,367
Class size reduction	436,115
Capital outlay	224,221
Discretionary milage funds	166,057
ESE guaranteed allocation	132,772
Supplemental academic instruction	94,461
Emergency order funding adjustment	92,867
Teacher salary increase	60,196
Transportation	37,240
Discretionary compression	34,796
Instructional materials	24,893
Safe schools	21,751
Reading allocation	14,725
Mental health	12,049
Lead teacher	6,695
Security grant	5,175
Digital classroom	578
Compression allocation	4,076
Library media materials	1,656
Proration of funds	(7,331)
Total	<u>\$ 2,923,359</u>

The administrative fee paid to the School Board during the year ended June 30, 2021 totaled approximately \$98,000 which is reflected as a general administration expense/expenditure in the accompanying statement of activities and statement of revenues, expenditures and changes in fund balance - governmental funds.

EMMA JEWEL CHARTER ACADEMY, INC.

**A Charter School and Component Unit of the
District School Board of Brevard County, Florida**

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 7 – RISK MANAGEMENT PROGRAM

Workers' compensation coverage, health and hospitalization, general liability, professional liability and property coverage are being provided through purchased commercial insurance with minimum deductibles for each line of coverage. Settled claims resulting from these risks have not historically exceeded commercial coverage.

NOTE 8 – EDUCATIONAL MANAGEMENT PROVIDERS

Beginning fiscal year 2014, the Board of Directors entered into a contract with Charter School Services Corporation, Inc. (CSSC) to provide business and educational oversight services to the School. The Board of Directors operates the School independently. CSSC works with the Principal to manage the School on a day-to-day basis. The Principal oversees academics and CSSC oversees all other operations. CSSC's continuing fee is based upon a fee of \$100 per student enrolled. The administration fee paid to CSSC during the year ended June 30, 2021 totaled \$34,375. The fee is reflected as school administration expenditure in the accompanying statement of activities and statement of revenues, expenditures and changes in fund balances - governmental funds.

NOTE 9 – COMMITMENTS AND CONTINGENT LIABILITIES

Grants

The School participates in state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the School has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at year end may be impaired.

Management believes there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision have been recorded in the accompanying financial statements for such contingencies.

Legal matters

In the normal course of conducting its operations, the School occasionally becomes party to various legal actions and proceedings. In the opinion of management, the ultimate resolution of such legal matters will not have a significant adverse effect on the accompanying financial statements. In the past three years, settlement amounts have not exceeded insurance coverages.

EMMA JEWEL CHARTER ACADEMY, INC.

**A Charter School and Component Unit of the
District School Board of Brevard County, Florida**

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 9 – COMMITMENTS AND CONTINGENT LIABILITIES (continued)

Lease commitments

March 28, 2013, the School entered into a sublease agreement with Brevard County for use of the building. This lease expires March of 2056. The sublease may be modified and assigned in whole or in part to Building Hope and Florida Community Loan Fund, Inc. if the School ceases to operate prior to July 1, 2021. The sublease requires that the School pays and maintains fire, extended risk, pollution, and liability insurance coverage for all building, structures and their contents.

Future minimum payments under this lease agreement are as follows:

Year ended June 30:	
2022	\$ 300
2023	300
2024	300
2025	300
2026	300
2027-2056	<u>8,700</u>
Total lease payments	<u>\$ 10,200</u>

Effective June 1, 2018, the School entered into a three-year lease agreement for bus transportation. The lease required the transportation provider to pay insurance and other operating costs. The annual amount is determined on a base price of \$300 per route per day plus an additional \$55 per day for a double run. The lease required the transportation company to pay insurance and other operating costs. The lease expired affective June 30, 2021.

NOTE 10 – INCOME TAXES

The School qualifies as a tax-exempt organization under Internal Revenue Code Section 501(c)(3), and is therefore, exempt from income taxes. Accordingly, no tax provision has been made in the accompanying financial statements. Additionally, no uncertain tax positions have been made requiring disclosure in the related notes to the financial statements. The School's income tax returns for 2018, 2019, and 2020 are subject to examination by tax authorities, and may change upon examination.

EMMA JEWEL CHARTER ACADEMY, INC.

**A Charter School and Component Unit of the
District School Board of Brevard County, Florida**

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 11 – RISKS AND UNCERTAINTIES

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

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the School’s financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation.

NOTE 12 – SUBSEQUENT EVENTS

In accordance with GASB Codification Section 2250.106, the School has evaluated subsequent events and transactions for potential recognition or disclosure through August 31, 2021, which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTAL INFORMATION

EMMA JEWEL CHARTER ACADEMY, INC.

**A Charter School and Component Unit of the
District School Board of Brevard County, Florida**

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
State and local sources	2,910,141	\$ 2,923,359	\$ 2,923,359	\$ -
Contributions and other revenue	152,823	398,355	398,355	-
Total revenues	3,062,964	3,321,714	3,321,714	-
Expenditures				
Current:				
Instruction	1,983,759	1,877,674	1,877,674	-
Instructional staff training	85,784	-	-	-
Board	10,100	9,419	9,419	-
General administration	-	97,692	97,692	-
School administration	414,694	489,033	489,033	-
Fiscal services	161,934	34,375	34,375	-
Food services	-	2,491	2,491	-
Transportation	100,000	73,264	73,264	-
Operation of plant	324,173	273,918	273,918	-
Maintenance of plant	76,750	142,052	142,052	-
Central services	-	1,115	1,115	-
Administrative technology services	9,400	34,786	34,786	-
Capital outlay	-	638,585	638,585	-
Total expenditures	3,166,594	3,674,404	3,674,404	-
Excess (deficiency) of revenue over expenditures	(103,630)	(352,690)	(352,690)	-
Other financing sources (uses)				
Operating transfer in	-	107,055	107,055	-
Total other financing sources (uses)	-	107,055	107,055	-
Net changes in fund balance	(103,630)	(245,635)	(245,635)	-
Fund balance at beginning of year	293,919	293,919	293,919	-
Fund balance at end of year	\$ 190,289	\$ 48,284	\$ 48,284	\$ -

EMMA JEWEL CHARTER ACADEMY, INC.

**A Charter School and Component Unit of the
District School Board of Brevard County, Florida**

BUDGETARY COMPARISON SCHEDULE - SPECIAL REVENUE FUND

Year Ended June 30, 2021

	<u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Federal passed through local school district	792,024	\$ 857,961	\$ 857,961	\$ -
Total revenues	<u>792,024</u>	<u>857,961</u>	<u>857,961</u>	<u>-</u>
Expenditures				
Current:				
Instructor	231,643	342,143	342,143	-
Instructional staff training	41,012	145,894	145,894	-
School administrator	-	2,356	2,356	-
Food services	300,000	289,074	289,074	-
Transportation	-	42,288	42,288	-
Total expenditures	<u>572,655</u>	<u>857,961</u>	<u>857,961</u>	<u>-</u>
Excess (deficiency) of revenue: over expenditures:	219,369	-	-	-
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	<u>\$ 219,369</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SUPPLEMENTAL INFORMATION



Partners

W. Ed Moss, Jr.
Joe M. Krusick
Cori G. Cameron
Bob P. Marchewka
Ric Perez
Thomas F. Regan
Ernie R. Janvrin
Richard F. Hayes
Renee C. Varga
Shawn M. Marshall

Winter Park, FL 32789
501 S. New York Ave.
Suite 100
Phone: 407-644-5811
www.mosskrusick.com

N. Palm Beach, FL 33408
631 US Highway One
Suite 405
Phone: 561-848-9300

Miami Lakes, FL 33016
7900 NW 155th Street
Suite 201
Phone: 305-445-7956

American Institute of
Certified Public
Accountants

Florida Institute of
Certified Public
Accountants

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 of Emma Jewel Charter Academy, Inc.
A Charter School and Component Unit of the District
School Board of Brevard County, Florida

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Emma Jewel Charter Academy, Inc., (the "School"), a Charter School and Component Unit of the District Board of Brevard County, Florida, the School as of and for the year ended June 30, 2021, and the related notes to financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated August 31, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) 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.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

Purpose of this Report

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

Moss, Krusick & Associates, LLC

Winter Park, Florida
August 31, 2021



Partners

W. Ed Moss, Jr.
Joe M. Krusick
Cori G. Cameron
Bob P. Marchewka
Ric Perez
Thomas F. Regan
Ernie R. Janvrin
Richard F. Hayes
Renee C. Varga
Shawn M. Marshall

Winter Park, FL 32789
501 S. New York Ave.
Suite 100
Phone: 407-644-5811
www.mosskrusick.com

N. Palm Beach, FL 33408
631 US Highway One
Suite 405
Phone: 561-848-9300

Miami Lakes, FL 33016
7900 NW 155th Street
Suite 201
Phone: 305-445-7956

American Institute of
Certified Public
Accountants

Florida Institute of
Certified Public
Accountants

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors of Emma Jewel Charter Academy, Inc.,
A Charter School and Component Unit of the District
School Board of Brevard County, Florida

Report on Compliance for Each Major Federal Program

We have audited Emma Jewel Charter Academy, Inc's., (the "School") compliance with the types of compliance requirements described in the *OMB Compliance Supplement*, that could have a direct and material effect on each of the School's major federal programs for the year ended June 30, 2021. The School's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the School's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the School's compliance.

Opinion on Each Major Federal Program

In our opinion, the School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control over Compliance

Management of the School is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Moss, Krusick & Associates, LLC

Winter Park, Florida
August 31, 2021

EMMA JEWEL CHARTER ACADEMY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARDS

June 30, 2021

Section I – Summary of Auditors’ Results

Financial Statements

- | | |
|---|---------------|
| 1. Type of auditors’ report issued: | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weakness(es) identified? | No |
| b. Significant deficiencies identified that are not considered to be material weaknesses? | None reported |
| 3. Noncompliance material to financial statements noted? | No |

Federal Awards

- | | |
|---|---------------|
| 1. Type of auditors’ report issued on compliance for major programs: | Unmodified |
| 2. Internal control over major programs: | |
| a. Material weakness(es) identified? | No |
| b. Significant deficiencies identified that are not considered to be material weaknesses? | None reported |
| 3. Audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? | No |
| 4. Dollar threshold used to distinguish between Type A and Type B programs | \$750,000 |
| 5. Auditee qualified as a low-risk auditee? | No |

Identification of major programs:

<u>Name of Federal Programs</u>	<u>CFDA Number</u>
Title I Grants to Local Education Agencies	84.010
Education Stabilization Fund	84.425C, 84.425D

EMMA JEWEL CHARTER ACADEMY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARDS

June 30, 2021

Section II – Financial Statement Findings

No current year findings (no corrective action plan or management letter required)

Section III – Federal Findings and Questioned Costs

None (there are no items related to Federal Programs required to be reported in the management letter, therefore no management letter issued)

Section IV – Status of Prior Year Audit Findings

None reported (no corrective action plan or management letter required)

Emma Jewel Charter Academy, Inc.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2021

Grantor/Program Title	CFDA #	Award Number	Expenditures
Federal Awards:			
U.S. Department of Agriculture			
<i>Passed through Florida Department of Agriculture and Consumer Services</i>			
School Breakfast Program	10.553		\$ 68,706
National School Lunch Program	10.555	20657	<u>222,862</u>
Total Child Nutrition Cluster			291,568
U.S. Department of Education			
<i>Passed through Florida Department of Education and District School Board of Brevard County, Florida</i>			
Title I Grants to Local Educational Agencies	84.010	421001	324,821
Education Stabilization Fund under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) - Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	449001	80,002
Education Stabilization Fund under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) - Governor's Emergency Education Relief (GEER) Fund	84.425C	449002	<u>72,287</u>
Total Education Stabilization Fund			152,289
Charter Schools, Title V Part B	84.282A	050-2987B-1CV13	26,676
Special Education Grants to States (IDEA, Part B)	84.027	421014	10,713
Supporting Effective Instruction State Grant	84.367	421034	8,190
Student Support and Academic Enrichment Grants	84.424	421078	5,691
Total passed through Florida Department of Education			<u>528,380</u>
U.S. Department of Housing and Urban Development			
<i>Passed through Board of County Commissioners of Brevard County, Florida</i>			
Community Development Block Grants	14.218		<u>38,013</u>
Total Expenditures of Federal Awards			<u>\$ 857,961</u>

Basis of Presentation

The accompanying schedule of expenditures of federal awards and presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

Indirect Cost Rates

The School has elected to not use the 10% de minimis indirect cost rate for its federal programs for the year ended June 30, 2021. The indirect cost rates used on the School's federal programs are determined by the relevant federal agency.

See independent auditors' report.



Partners

W. Ed Moss, Jr.
Joe M. Krusick
Cori G. Cameron
Bob P. Marchewka
Ric Perez
Thomas F. Regan
Ernie R. Janvrin
Richard F. Hayes
Renee C. Varga
Shawn M. Marshall

Winter Park, FL 32789
501 S. New York Ave.
Suite 100
Phone: 407-644-5811
www.mosskrusick.com

N. Palm Beach, FL 33408
631 US Highway One
Suite 405
Phone: 561-848-9300

Miami Lakes, FL 33016
7900 NW 155th Street
Suite 201
Phone: 305-445-7956

American Institute of
Certified Public
Accountants

Florida Institute of
Certified Public
Accountants

MANAGEMENT LETTER

To the Board of Directors of Emma Jewel Charter Academy, Inc.
A Charter School and Component Unit of the District
School Board of Brevard County, Florida

Report on the Financial Statements

We have audited the financial statements of Emma Jewel Charter Academy, Inc. (the "School"), as of and for the fiscal year ended June 30, 2021, and have issued our report thereon dated August 31, 2021.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.850, Rules of the Auditor General

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, Independent Auditors' Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance required by the Uniform Guidance, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated August 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. In that regard, the School did not have prior year findings.

Official Title

Section 10.854(1)(e)5., Rules of the Auditor General, requires that the name or official title of the entity and the School code assigned by the Florida Department of Education be disclosed in this management letter. The official title of the entity is *Emma Jewel Charter Academy, Inc. (056523)*.

Financial Condition and Management

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

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

Section 10.854(1)(e)3., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Transparency

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

Additional Matters

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

Purpose of this Letter

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

Moss, Krusick & Associates, LLC

Winter Park, Florida
August 31, 2021

MANAGEMENT FINDINGS, RECOMMENDATIONS AND RESPONSES

For the year ended June 30, 2021, there were no management finding, recommendations or responses.