
PANACEA PREP CHARTER SCHOOL, INC.

INDEPENDENT AUDITOR'S REPORT

AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

MARK ESCOFFERY, P.A.
CERTIFIED PUBLIC ACCOUNTANT

PANACEA PREP CHARTER SCHOOL, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board Members of Panacea Prep
Charter School, Inc.
201 N University Drive Street
Coral Springs, Florida 33071

I have audited the accompanying Financial Statements of the governmental activities, and each major fund, of Panacea Prep Charter School, Inc. ("the School") (a nonprofit organization) a component unit of The School Board of Broward County as of and for the year ended June 30, 2021, which collectively comprise the School's basic financial statements as listed in the foregoing Table of Contents. These financial statements are the responsibility of the Management of the School. My responsibility is to express an opinion on these financial statements based on my audit.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

To the Board Members of Panacea Prep
Charter School, Inc.
201 N University Drive Street
Coral Springs, Florida 33071

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Opinion

In my opinion, the financial statements referred to above and the Statement of Revenues, Expenditures and Changes in Fund Balance-Budget (GAAP Basis) and Actual-All Governmental Fund Types present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund, of the School as of June 30, 2021, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with ***Government Auditing Standards***, I have also issued my report dated September 10, 2021, on my consideration of the School's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with ***Government Auditing Standards*** and should be considered in assessing the results of my audit.

Other Matters

Report on Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information on pages 3 through 6 and 13 and 14 are presented to supplement the basic financial statements. Such information although not part of the basic financial statements, is required by the Governmental Accounting Standard 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. I 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. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Palm Beach Gardens, Florida
September 10, 2021



PANACEA PREP CHARTER SCHOOL, INC.
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2021

Our discussion and analysis of Panacea Prep Charter School, Inc. (“the School”) financial program provides an overview of the School’s financial activities for the year ended June 30, 2021.

Because the information contained in this discussion is intended to highlight significant transactions, it should be read in conjunction with the School’s financial statements, which begin on page 7.

For financial statement purposes the School is considered a component unit of The Broward County School Board, which is a primary government entity for financial reporting. The School has included separate statements for the Governmental Fund Balance Sheet and the statement of Revenue, Expenditures and Changes in Fund Balance. The Statement of Net Position and the Statement of Activities report provide information on the activities of the School. The Fund Financial Statements reflect financing activities of the School by providing information on inflows and outflows of spendable resources.

NON FINANCIAL HIGHLIGHTS

The School’s daily enrollment for fiscal year ended June 30, 2021 was 86 students. The School expects to have an enrollment of 86 students for the school year 2021-2022.

OVERVIEW OF THE FINANCIAL STATEMENTS

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the School’s financial position. Included in these statements are all assets and liabilities using the accrual basis of accounting. All of the current year’s revenues and expenses are recorded when earned or incurred.

The Statement of Net Position presents information on all of the School’s assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School is improving or deteriorating.

The Statement of Activities presents information showing how the government’s net position changed during the most recent fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

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.

**PANACEA PREP CHARTER SCHOOL, INC.
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

OVERVIEW OF THE FINANCIAL STATEMENTS (Cont’d.)

Fund Financial Statements (Cont’d.)

Governmental Funds – All of the School’s basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School’s governmental activities and the basic services it provides.

Notes to the Financial Statements

The *Notes to the Financial Statements* provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages 15-22 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the School’s financial position. The School’s assets exceeded liabilities by \$238,317 at June 30, 2021.

NET ASSETS

	<u>JUNE 30, 2021</u>	<u>JUNE 30, 2020</u>
Current and Other Assets	\$ 254,931	\$ 237,486
Capital Assets	<u>19,020</u>	<u>15,071</u>
Total Assets	<u>273,951</u>	<u>252,557</u>
Other Liabilities	<u>35,634</u>	<u>26,298</u>
Total Liabilities	<u>35,634</u>	<u>26,298</u>
Investment in Capital Assets	19,020	15,071
Unrestricted	<u>219,297</u>	<u>211,188</u>
Total Net Position	<u>\$ 238,317</u>	<u>\$ 226,259</u>

Revenues from governmental activities totaled \$892,551 for the year ended June 30, 2021. The main source of revenue is from Florida Education Finance Program (FEFP). This revenue represented approximately 75.8% of total governmental revenue.

**PANACEA PREP CHARTER SCHOOL, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd.)

<u>Revenue Source</u>	<u>6/30/21</u>	<u>% of Total 6/30/21</u>	<u>6/30/20</u>	<u>% of Total 6/30/20</u>
State Sources	\$ 738,883	71.6	\$ 720,191	66.1
Federal Sources	153,718	14.9	267,822	24.5
Local Sources	139,440	14.5	101,321	9.4
TOTAL	\$ 1,031,991	100.0	\$ 1,089,334	100.0

Federal revenue sources are primarily Title I grants and the National School Lunch Program (NSLP). The school also receives funding through the CSP program for Covid distance learning and ESSR funding.

Increases in levels of expenses for major functions of the School are shown in the following table:

<u>Expense</u>	<u>6/30/21</u>	<u>% of Total 6/30/21</u>	<u>6/30/20</u>	<u>% of Total 6/30/20</u>
Instruction	452,458	44.3	394,982	36.3
Instructional Support Services	100,167	9.8	83,890	7.7
Board Services	13,433	1.3	36,487	3.4
School Administration	113,092	11.1	231,330	21.3
General Administration	33,073	3.2	32,663	3.0
Fiscal Services	21,999	2.2	26,353	2.4
Food Services	31,515	3.1	56,931	5.2
Central Services	5,438	0.5	4,728	0.4
Pupil Transportation	47,093	4.6	41,860	3.9
Operation of Plant	195,405	19.1	159,277	14.7
Maintenance of Plant	1,767	0.2	8,448	0.8
Community Services	-	-	1,702	0.1
Depreciation	6,741	0.7	8,156	0.8
TOTAL	1,022,181	100.0	1,086,807	100.0

BUDGETARY HIGHLIGHTS

Total revenues were approximately \$93,000 more than budgeted. The school had more FTE funds by approximately \$15,000 and local fundraising efforts increased local revenue by \$79,000.

School Expenditures were more than budgeted by approximately \$119,000, primarily because covid restrictions increased online learning costs and teacher salary increases. Operation of plant also increased over budget by \$39,450 due to reclassification of security expenses, more janitorial salaries and covid related supplies.

Total fund balance of the Governmental Funds was \$219,297 at June 30, 2021.

PANACEA PREP CHARTER SCHOOL, INC.
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2021

CAPITAL ASSETS

The School’s investment in capital assets at June 30, 2021 was \$19,020 (net of depreciation). The investment includes leasehold improvements, furniture and equipment and computer software and equipment. The following is a summary of capital assets balances at June 30, 2021.

Furniture, Fixtures, and Equipment	\$ 229,000
Less Accumulated Depreciation	<u>209,980</u>
	<u>\$ 19,020</u>

OTHER FEDERAL REVENUE

During 2020, the School was granted a loan from Bank of America in the aggregate amount of \$124,712, pursuant to the Paycheck Protection Program (“PPP”) under Division A, Title I of the CARES Act, which was enacted March 27, 2020.

The loan, which was in the form of a Note dated May 4, 2020 issued by Bank of America matures on May 4, 2022 and bears an interest rate of 1% per annum. The School intends to use the entire Loan amount for qualifying expenses. Under the terms of the PPP, certain amounts of the loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. These funds were included in Other Federal Sources since they will be used for qualifying expenses. The PPP loan was forgiven on March 22, 2021.

PROSPECTS FOR THE FUTURE

The School continues to receive funds from State sources in the form of Florida Education Finance Program Fees (FEFP). The fees are evaluated in October and February and are based on student enrollment.

- The Administration believes that the School will achieve a higher rating from the Department of Education.
- The Administration believes that the School will continue to be successful and contribute to the educational requirements of Broward County.

REQUESTS FOR INFORMATION

The Management Discussion and Analysis provides a general overview of the finances of the School. Requests for additional information should be addressed to Christine Mentis, Executive Director, at 201 N. University Drive, Coral Springs, Florida 33071.

PANACEA PREP CHARTER SCHOOL, INC.
Governmental Fund (General Fund) Balance Sheet
June 30, 2021

	<u>Governmental Funds</u>	<u>Special Revenue Funds</u>	<u>Total</u>
ASSETS			
Cash	\$ 186,732		\$ 186,732
Accounts Receivable	4,522	53,439	57,961
Other current assets	7,889		7,889
Due from other agencies			-
Due from other funds	(41,454)	41,454	-
Deposits	2,349		2,349
Total Assets	<u><u>160,038</u></u>	<u><u>94,893</u></u>	<u><u>254,931</u></u>
LIABILITIES			
Accounts Payable	9,946		9,946
Accrued payroll	25,638		25,638
Other liabilities	50		50
Total Liabilities	<u><u>35,634</u></u>	<u><u>-</u></u>	<u><u>35,634</u></u>
FUND BALANCE			
Restricted		94,893	94,893
Unassigned	124,404		124,404
	<u><u>124,404</u></u>	<u><u>94,893</u></u>	<u><u>219,297</u></u>
Total Liabilities and Fund Balance	<u><u>\$ 160,038</u></u>	<u><u>\$ 94,893</u></u>	<u><u>\$ 254,931</u></u>

The accompanying notes are an integral part of this statement

PANACEA PREP CHARTER SCHOOL, INC.
STATEMENT OF NET POSITION
For the Year ended June 30, 2021

	Account Number	Primary Government		
		Governmental Activities	Business-type Activities	Total
ASSETS				
Cash and Cash Equivalents	1110	186,732		186,732
Accounts Receivable, Net	1130	57,961		57,961
Deposits	1210	2,349		2,349
Other Current Assets	12XX	7,889		7,889
Due from other agencies	1220			
Capital Assets:				
Improvements other than Buildings	1320			
Less Accumulated Depreciation	1329			
Furniture, Fixtures and Equipment	1340	229,000		229,000
Less Accumulated Depreciation	1349	(209,980)		(209,980)
Motor Vehicles	1350			
Less Accumulated Depreciation	1359			
Computer Software	1382			
Less Accumulated Depreciation	1389			
Total Assets		273,951		273,951
LIABILITIES				
Salaries and Wages Payable	2110	25,638		25,638
Payroll Deductions and Withholdings	2170			
Accounts Payable	2120	9,946		9,946
Other Current Liabilities	23XX	50		50
Total Liabilities		35,634		35,634
NET POSITION				
Invested in Capital Assets, Net of Related Debt		19,020		19,020
Restricted For:				
Categorical Carryover Programs	2710			
Debt Service	2750			
Unrestricted		219,297		219,297
Total Net Position		238,317		238,317

The accompanying notes are an integral part of this statement

PANACEA PREP CHARTER SCHOOL, INC.
Reconciliation of the Governmental Funds
Balance Sheet To The Statement of Net Position
June 30, 2021

Fund Balance- Governmental Funds		\$219,297
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Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds

Governmental capital assets	229,000	
Less accumulated depreciation	<u>(209,980)</u>	
		19,020

Some expenses reported in the Statement of Net Position do not require the use of current financial resources and therefore are not reported as expenditures in the Governmental Funds.

Net Position of Governmental Activities		<u><u>\$238,317</u></u>
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The accompanying notes are an integral part of this statement

PANACEA PREP CHARTER SCHOOL, INC.
Statement of Governmental Fund (General Fund) Revenues, Expenditures and
Changes in Fund Balance
For the Fiscal Year ended June 30, 2021

	<u>Governmental Funds</u>	<u>Special Revenue</u>	<u>Capital Outlay</u>	<u>Total</u>
EXPENSES				
Instructional Services	\$358,559	\$100,533		\$459,092
Instructional Support Services	95,293	4,874		100,167
Board Fees	13,433			13,433
General Administration	33,073			33,073
School Administration	115,621	152		115,773
Fiscal Services	21,999			21,999
Food Services		31,515		31,515
Central Services	5,438			5,438
Pupil Transportation Services	47,093			47,093
Operation of Plant	129,025	10,618	57,137	196,780
Maintenance of Plant	370	1,397		1,767
Total Expenses	<u>819,904</u>	<u>149,089</u>	<u>57,137</u>	<u>1,026,130</u>
PROGRAM REVENUES				
Florida Education Finance Program (FEFP)	677,176			677,176
Capital Grants			55,926	55,926
Other Federal Sources		153,718		
Total Program Revenues	<u>677,176</u>	<u>153,718</u>	<u>55,926</u>	<u>733,102</u>
GENERAL REVENUES				
Other State Sources	1,288	4,443		5,731
Other Local Sources	139,366	74		139,440
Total General Revenues	<u>140,654</u>	<u>4,517</u>		<u>145,171</u>
Excess of Revenues Over Expenses	(2,074)	9,146	(1,211)	5,861
Prior period adjustment	2,248			2,248
Fund Balance, Beginning of Year	130,211	79,766	1,211	211,188
Fund Balance, End of Year	<u>\$130,385</u>	<u>\$ 88,912</u>	<u>\$ -</u>	<u>\$219,297</u>

The accompanying notes are an integral part of this statement

PANACEA PREP CHARTER SCHOOL, INC.
STATEMENT OF ACTIVITIES
June 30, 2021

FUNCTIONS	Account Number	Expenses	Charges for Services	Program Revenues		Net (expense) /revenues and Changes in Net Position		Total
				Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities:								
Instruction	5000	\$452,458		\$ 122,203		\$ (330,255)		\$ (330,255)
Instructional Support Services	6400	100,167		100,167		-		-
Board Services	7100	13,433				(13,433)		(13,433)
General Administration	7200	33,073				(33,073)		(33,073)
School Administration	7300	113,092		45,004		(68,088)		(68,088)
Fiscal Services	7500	21,999				(21,999)		(21,999)
Food Services	7600	31,515		31,515		-		-
Central Services	7700	5,438				(5,438)		(5,438)
Pupil Transportation Services	7800	47,093				(47,093)		(47,093)
Operation of Plant	7900	195,405			55,926	(139,479)		(139,479)
Maintenance of Plant	8100	1,767				(1,767)		(1,767)
Community Services	9100					-		-
Unallocated Depreciation Expense *		6,741				(6,741)		(6,741)
Total Governmental Activities		1,022,181		298,889	55,926	(667,366)		(667,366)

Taxes:

Florida Education Finance Program (FEFP)	677,176	677,176
Grants and contributions not restricted to specific programs		-
Total general revenues, special items, and transfers	677,176	677,176
Change in net position	9,810	9,810
Prior period adjustment	2,248	2,248
Net position-beginning	226,259	226,259
Net position-ending	\$ 238,317	\$ 238,317

* This amount excludes the depreciation that is included in direct expenses of the various functions.

The accompanying notes are an integral part of this statement

PANACEA PREP CHARTER SCHOOL, INC.
Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances
of Governmental Fund (General Fund) To The
Statement of Activities
June 30, 2021

Net Changes in Fund Balances- Governmental Funds \$5,861

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

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is depreciated over their estimated useful lives.

Expenditures for capital assets	10,690	
Less current year depreciation	<u>(6,741)</u>	
		<u>3,949</u>

Change in Net Position of Governmental Activities \$9,810

The accompanying notes are an integral part of this statement

PANACEA PREP CHARTER SCHOOL, INC.
Statement of Revenues, Expenditures and Changes
In Fund Balance-Budget (GAAP Basis) and Actual-All Governmental Fund Types
For the Fiscal Year Ended June 30, 2021

				Special Revenue			Capital Outlay			TOTAL		
	Original and Final			Original and Final			Original and Final			Original and Final		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
EXPENDITURES:												
Instructional Services	\$275,058	\$358,559	\$83,501	\$62,480	\$100,533	\$38,053				\$337,538	\$459,092	\$121,554
Instructional Support Services	82,500	95,293	12,793	4,900	4,874	(26)				87,400	100,167	12,767
Board Fees	7,600	13,433	5,833							7,600	13,433	5,833
General Administration	33,902	33,073	(829)							33,902	33,073	(829)
School Administration	151,900	115,621	(36,279)		152	152				151,900	115,773	(36,127)
Fiscal Services	21,000	21,999	999							21,000	21,999	999
Food Services	-			64,000	31,515	(32,485)				64,000	31,515	(32,485)
Central Services	4,700	5,438	738							4,700	5,438	738
Pupil Transportation Services	38,000	47,093	9,093							38,000	47,093	9,093
Operation of Plant	102,318	129,025	26,707	7,800	10,618	2,818	47,212	57,137	9,925	157,330	196,780	39,450
Maintenance of Plant	2,500	370	(2,130)		1,397	1,397				2,500	1,767	(733)
Community services Services	1,640		(1,640)							1,640	-	(1,640)
	721,118	819,904	98,786	139,180	149,089	9,909	47,212	57,137	9,925	907,510	1,026,130	118,620
PROGRAM REVENUES:												
Florida Education Finance Program	660,958	677,176	16,218							660,958	677,176	16,218
Capital Grants and contributions							46,000	55,926	9,926	46,000	55,926	9,926
Other Federal Sources				139,180	153,718	14,538						
	660,958	677,176	16,218	139,180	153,718	14,538	46,000	55,926	9,926	706,958	733,102	26,144

The accompanying notes are an integral part of this statement

PANACEA PREP CHARTER SCHOOL, INC.
Statement of Revenues, Expenditures and Changes
In Fund Balance-Budget (GAAP Basis) and Actual-All Governmental Fund Types
For the Fiscal Year Ended June 30, 2021

	Special Revenue			Capital Outlay			TOTAL					
	Original and Final			Original and Final			Original and Final					
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance			
GENERAL REVENUES:												
Other federal sources									139,180	153,718	14,538	
Other State Sources	1,200	1,288	88		4,443	4,443			1,200	1,288	88	
other Local Sources	61,272	139,366	78,094		74	74			61,272	139,366	78,094	
	<u>62,472</u>	<u>140,654</u>	<u>78,182</u>	<u>139,180</u>	<u>4,517</u>	<u>4,517</u>			<u>201,652</u>	<u>294,372</u>	<u>92,720</u>	
Excess of Expenditures over Revenues	<u>\$ 2,312</u>	<u>(2,074)</u>	<u>(\$4,386)</u>	<u>\$ -</u>	<u>\$ 9,146</u>	<u>\$ 9,146</u>		<u>(1,211)</u>	<u>1</u>	<u>\$1,100</u>	<u>1,344</u>	<u>\$244</u>
Fund Balance, Beginning of Year		130,211			79,766			1,211		211,188		
Prior period adjustment		<u>2,248</u>								<u>2,248</u>		
Fund Balance, End of year		<u>\$130,385</u>			<u>\$ 88,912</u>			<u>\$ -</u>		<u>\$219,297</u>		

The accompanying notes are an integral part of this statement

**PANACEA PREP CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Panacea Prep Charter School, Inc. (“the School”) was established as a nonprofit organization on August 1, 2014, under the laws of the State of Florida and is the reporting entity.

The School operates as a Charter School pursuant to a Charter School Contract (“the Contract”) with The School Board of Broward County, Florida. Under the Contract the School provides an education to children, from Kindergarten through the fifth grade, who reside in Broward County in and around the City of Coral Springs. For financial statement purposes the School is considered a component unit of The School Board of Broward County, which is a primary government entity for financial reporting.

The School Board of Broward County received 5% of the Florida Education Finance Program (FEFP) revenue as an administrative fee. The Contract is effective through June 30, 2025. The Contract requires The School Board to provide the School’s primary source of funding based upon the number of full-time equivalent students (FTES) registered at the School. Eagles’ Nest Charter Academy sponsors the School’s participation in the National School Lunch Program.

The School is a tax-exempt organization under 501(c)(3) of the Internal Revenue Code.

The School’s financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Government Accounting Standards Board (GASB) is responsible for establishing GAAP for school districts through its pronouncements (statements and interpretations). The more significant accounting policies established in GAAP and used by the School are discussed below.

Basic Financial Statements

The School’s basic financial statements are the Statements of Net Position and the Statement of Activities. All the activities of the School are classified as governmental type activities. There are no business type activities of the School. All the School’s governmental activities are included in the general fund, special revenue funds and capital outlay funds. There are no other major funds. In the Statement of Net Position, the governmental activities column is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt obligations. The School’s net position are reported in three parts – invested in capital assets, net of related debt; restricted for categorical carryover programs, debt service; and unrestricted net position.

The Statement of Activities reports both the gross and net cost of each of the School’s functions. The functions are also supported by government revenues such as Florida Education Finance Program (FEFP), Capital Outlay Funds and Federal Grants. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants.

PANACEA PREP CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont’d.)

Basic Financial Statements (cont’d.)

Program revenues must be directly associated with the function (after care and youth services, etc.). Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

Fund Financial Statements

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

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

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

Capital Outlay Fund - accounts for specific revenue received from the State of Florida that is used in the purchase, construction or lease of real property.

Basis of Accounting

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

Accrual

The governmental type activities in the financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. When both restricted and unrestricted resources are available for use, it is the policy of the School to use restricted resources first, then unrestricted resources as they are needed.

Measurement Focus

The accounting and financial reporting treatment is determined by applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources (current assets less current liabilities) or economic resources (all assets and liabilities).

PANACEA PREP CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

Measurement Focus (Cont'd.)

The Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet and operating statements present increases (i.e. revenues) and decreases (i.e. expenses) in net position.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e. revenues and other financing sources) and decreases (i.e. expenditures and other financial uses) in net current assets.

Under the modified accrual basis of accounting, revenues are recognized when they become measurable and available to finance expenditures of the fiscal period. For this purpose, the School considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles include the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

Concentration of Credit Risk

Financial instruments that subject the School to concentrations of credit risk include cash. While the School attempts to limit its financial exposure, its deposit balances may at times exceed federally insured limits. The School has not experienced any losses on such balances.

Cash deposits are held at banks qualified as public depositories in accordance with Chapter 280, Florida Statutes.

PANACEA PREP CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont’d.)

Fair Value Measurements

The Fair Value Measurements Topic of the FASB Accounting Standards Codification defines fair value, establishes a consistent framework for measuring fair value and expands disclosure requirements for fair value measurements.

The School measures the fair value of assets and liabilities as the price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market in an orderly transaction between market participants at the measurement date. The fair value hierarchy distinguishes between independent observable inputs and unobservable inputs used to measure fair value measurements 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.

Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the valuation of assets and liabilities and their placement within the fair value hierarchy levels.

Contributed Services and Facilities

The School does not recognize any support, revenue or expense from services contributed by individual volunteers since no objective basis is available to measure the value of such services. However, a substantial number of volunteers have donated significant amounts of time to the School’s program services.

Budgetary Basis of Accounting

Budgets are presented on the modified accrual basis of accounting. During the fiscal year expenditures were controlled at the object level (i.e., salaries, purchased services, and capital outlay).

PANACEA PREP CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont’d.)

Capital Assets

Capital assets purchased or acquired with an original cost of \$1,000 or more are reported at historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Leasehold Improvements	10 Years
Furniture and Equipment	5-10 Years

Revenue Sources

Revenues for operations are received primarily from The School Board of Broward County pursuant to the funding provisions included in the School’s Charter. In accordance with the funding provisions of the Charter and Section 1002.33, Florida Statutes, the School will report the number of full-time equivalent (FTE) students and related data to The School Board of Broward County. Funding for the School is adjusted during the year to reflect the revised calculations by the Florida Department of Education under the Florida Education Finance Program and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey periods. In addition, the School receives an annual allocation of charter school capital outlay funds for leasing of school facility.

Fund Balance Classifications

GASB requires the fund balance amounts to be properly reported within one of the fund balance categories listed below:

- a) **Nonspendable** fund balance includes amounts that are not in a spendable form such as inventories, prepaid expenses, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed or assigned). There was no nonspendable fund balance at year end.
- b) **Restricted** fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally, or through enabling legislation. There was a restricted fund balance at year end.
- c) **Committed** fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the School’s highest level of decision making authority. There was no committed fund balance at year end.

**PANACEA PREP CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

Fund Balance Classifications (Cont'd.)

- d) **Assigned** fund balance includes amounts intended to be used by the School's Management for specific purposes but which does not meet the criteria to be classified as restricted or committed. There was no assigned fund balance at year end.
- e) **Unassigned** fund balance includes amounts that are available for any purpose. These amounts are reported only in the general fund. There was an unassigned fund deficit at year end.

Order of Fund Balance Spending Policy

The School's policy is to apply expenditures against nonspendable fund balance, followed in order by restricted fund balance, committed fund balance, assigned fund balance, and lastly unassigned fund balance at the end of the fiscal year. The School's Board of Directors can deviate from this policy if it is in the best interest of the School.

NOTE 2 – CAPITAL ASSETS

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

	Balance Beginning	Additions	Disposals	Balance Ending
Furniture, Fixtures and Equipment	\$ 218,310	10,690	-	229,000
Less Accumulated Depreciation	203,239	6,741	-	209,980
NET CAPITAL ASSETS	\$ 15,071	3,949	-	19,020

Depreciation expense of \$6,741 was charged during the year ended June 30, 2021.

Beginning balances adjusted to agree with actual.

NOTE 3 – OTHER FEDERAL FUNDS

During 2020, the School was granted a loan from Bank of America in the aggregate amount of \$124,712, pursuant to the Paycheck Protection Program ("PPP") under Division A, Title I of the CARES Act, which was enacted March 27, 2020.

PANACEA PREP CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 3 – OTHER FEDERAL FUNDS (Cont’d.)

The loan, which was in the form of a Note dated May 4, 2020 issued by Bank of America matures on May 4, 2022 and bears an interest rate of 1% per annum. The School intends to use the entire Loan amount for qualifying expenses. Under the terms of the PPP, certain amounts of the loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. These funds were included in Other Federal Sources since they will be used for qualifying expenses. The loan was forgiven on March 22, 2021.

NOTE 4 – COMPENSATED ABSENCES

Employees of the School are entitled to paid vacation and sick days depending on length of services. The School’s policy is to recognize the cost of vacation days when earned by the employees. The current policy of the School is that vacation days not used during the calendar year are forfeited. The value of unused vacation days was determined to be immaterial and therefore no accrual has been made.

NOTE 5 – RELATED PARTY TRANSACTIONS

The School, Eagles’ Nest Charter Academy, Lucious and Emma Nixon Academy and Eagles’ Nest Middle Charter School are all governed by the same Board of Directors. The School and Eagles’ Nest Middle Charter School operate out of the same location in Coral Springs, Florida, and share common expenses such as rent and insurance based on the number of students and rooms utilized during the school year.

NOTE 6 – COMMITMENTS AND CONTINGENCIES

Lease Agreement

The School leases its administrative and classroom facilities under a non cancelable operating lease that expires in June 2024. Annual rental expenses were approximately \$103,680 for the year ended June 30, 2021. Future minimum payments under this lease, assuming the lease will be renewed, are as follows:

June 30,	
2022	107,000
2023	110,000
2024	113,000
2025	117,000
2026	120,000
	<u>567,000</u>

**PANACEA PREP CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 6 – COMMITMENTS AND CONTINGENCIES (Cont'd.)

Management Agreement

The school has an Education Consulting Agreement with Charter Schools International (CSI) to manage its operations by providing consulting services for curriculum development, overview of fiscal services, hiring of personnel, development, and research of vendors doing business with the school. The agreement is for a period of ten years and was executed July 11, 2018. In exchange for these services CSI receives 15% of the School's FTE revenue. The total amount paid under this contract for the year ended June 30, 2021 was approximately \$93,000.

Risk Management

The School is exposed to various risks of loss related to theft, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The School purchases commercial insurance for all material risks of loss to which the School is exposed, including general liability, property, auto and workers compensation. A review of the last six years reveals that settled claims have not exceeded insurance coverage.

The School receives funding from the State of Florida based on the number of full time equivalent (FTE) students who attend the Charter School. The data is compiled by the School and is subject to audit by the State and if errors are found this could result in amounts having to be repaid to the State or decrease in future allocations. Management believes that the amounts that would have to be remitted back to the State due to errors in their FTE count would not be material to the financial position of the School.

NOTE 7 – SUBSEQUENT EVENTS

Management has evaluated events that occurred subsequent to the year end for potential recognition or disclosure in the financial statements, through the date on which the financial statements were available to be issued. The date when the financial statements were available to be issued was September 10, 2021. Management's evaluation did not reveal any subsequent events that would have a material effect on the financial statements

Mark Escoffery, P.A.

Certified Public Accountant

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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 Members of Panacea Prep
Charter School, Inc.
201 N University Drive Street
Coral Springs, Florida 33071

I have audited the financial statements of Panacea Prep Charter School, Inc. (“the School”) (a non-profit organization) as of and for the year ended June 30, 2021, and have issued my report thereon dated September 10, 2021. I conducted my 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.

Internal Control over Financial Reporting

In planning and performing my audit, I considered the School’s internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School’s internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the School’s internal control over financial reporting.

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.

My consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

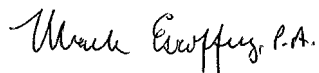
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS* (Cont'd.)

To the Board Members of Panacea Prep
Charter School, Inc.
201 N University Drive Street
Coral Springs, Florida 33071
Page 2

Compliance and Other Matters

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

This Report is intended solely for the information and use of the Board Members, Management, others within the organization and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Palm Beach Gardens, Florida
September 10, 2021

Mark Escoffery, P.A.

Certified Public Accountant

8645 N. Military Trail
Suite 503
Palm Beach Gardens, FL 33410

Tel (561) 627-1404
Fax (561) 627-3844

MANAGEMENT LETTER

To the Board Members of Panacea Prep
Charter School, Inc.
201 N University Drive Street
Coral Springs, Florida 33071

Report on the Financial Statements

I have audited the financial statements of Panacea Prep Charter School, Inc. Florida, (“the School”) as of and for the fiscal year ended June 30, 2021, and have issued my report thereon dated September 10, 2021.

Auditor’s Responsibility

I conducted my 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 Reports and Schedules

I have issued my Independent Auditor’s Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*.

Prior Audit Findings

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

Official Title

Section 10.854(1)(e)5., Rules of the Auditor General, requires the name or official title of the entity. The official title of the entity is Panacea Prep Charter School, Inc.

MANAGEMENT LETTER
(Continued)

Financial Condition

Sections 10.854(1)(e)2., Rules of the Auditor General, require that I report the results of my determination as to whether or not the Panacea Prep Charter School, Inc. has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with my audit, I determined that the Panacea Prep Charter School, Inc. did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, I applied financial condition assessment procedures for the Panacea Prep Charter School, Inc. It is management's responsibility to monitor the Panacea Prep Charter School, Inc's financial condition, and my financial condition assessment was based in part on representations made by management and the review of financial information provided by same. Financial assessments made did not indicate that the Panacea Prep Charter School, Inc.'s financial condition is deteriorating.

Transparency

Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require that I report the results of my determination as to whether the Panacea Prep Charter School, Inc. maintains on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with my audit, I determined that the Panacea Prep Charter School, Inc. maintained on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes.

Other Matters

Section 10.854(1)(e)3., Rules of the Auditor General, requires that I address in the management letter any recommendations to improve financial management. In connection with my audit, I did not have any such recommendations.

Section 10.854(1)(e)4., Rules of the Auditor General, requires that I address 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 which warrants the attention of those charged with governance. In connection with my audit, I did not have any such findings.

Purpose of this Letter

My 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 Broward County School Board and is not intended to be and should not be used by anyone other than these specified parties.

Mark Escoffery, P.A.
September 10, 2021

