

PARRISH CHARTER ACADEMY
PARRISH, FLORIDA
(A COMPONENT UNIT OF THE SCHOOL BOARD
OF MANATEE COUNTY, FLORIDA)

BASIC FINANCIAL STATEMENTS, INDEPENDENT
AUDITOR'S REPORT AND SUPPLEMENTAL
INFORMATION

JUNE 30, 2021

PARRISH CHARTER ACADEMY
BASIC FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION
JUNE 30, 2021

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PARRISH CHARTER ACADEMY

8605 Erie Road,
Parrish, FL 34219
(941) 545-6380

2020-2021

BOARD OF DIRECTORS

Mr. Mark McCabe, President
Ms. Helen Deitrich, Vice President
Mr. Adaer Carreno Lopez
Mr. Mike Diaferio

SCHOOL ADMINISTRATION

Ms. Gwen DaPore, Executive Director
Ms. Dawn Patterson, Principal



INDEPENDENT AUDITOR'S REPORT

Board of Directors
Parrish Charter Academy
Parrish, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Parrish Charter Academy (the "School") a charter school under Parrish Charter Academy, Inc. and a component unit of the District School Board of Manatee 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 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.

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 8 and budgetary comparison information on pages 24 through 25 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 22, 2021

Management’s Discussion and Analysis
Parrish Charter Academy
June 30, 2021

The corporate officers of Parrish Charter Academy (the “School”) have prepared this narrative overview and analysis of the School’s financial activities for the fiscal year ended June 30, 2021, the School’s second year of operations.

FINANCIAL HIGHLIGHTS

1. At year-end, the School had current assets of \$673,620.
2. At year-end, the School’s fund balance was \$453,198.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the School’s basic financial statements. The School’s financial statements for the year ended June 30, 2021 are presented in accordance with GASB Codification Section 2200. The financial statements have three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The *Government-Wide Financial Statements* are designed to provide readers with a broad overview of the School’s finances, in a manner similar to a private-sector business.

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

The *Statement of Activities* presents information on how the School’s net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event resulting in the change occurs, without regard to the timing of related cash flows. Accordingly, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

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

Fund Financial Statements

A “fund” is a collection of related accounts grouped to maintain control over resources that have been segregated for specific activities, projects, or objectives. The School, like other state and local governments, uses fund accounting to ensure and report compliance with finance-related legal requirements. All of the funds of the School are governmental funds. *Governmental Funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements.

Governmental Fund financial statements, however, focus on *near-term* inflows and outflows of spendable resources, as well as on the balances of spendable resources which are available at the end of the fiscal year. Such information may be used to evaluate a government's requirements for near-term financing.

Prior to the start of the School's fiscal year, the Board of the School adopts an annual budget for all of its governmental funds, if applicable. A budgetary comparison statement has been provided for the School's governmental funds to demonstrate compliance with the School's budget. The basic governmental fund financial statements can be found on pages 11 - 14 of this report.

Notes to 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 - 23 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, over time net position may serve as a useful indicator of the School's financial position. A summary of the School's net position as of June 30, 2021 and 2020 follows:

	Net Position	
	2021	2020
Assets		
Cash and cash equivalents	\$ 670,099	\$ 367,023
Prepaid expenses	3,521	-
Capital assets, net	313,864	306,904
Total Assets	<u>\$ 987,484</u>	<u>\$ 673,927</u>
Liabilities and Net Position		
Accounts and wages payable and accrued liabilities	\$ 220,422	\$ 143,410
Debt payable	1,138,639	1,140,543
Total Liabilities	1,359,061	1,283,953
Deficit in unrestricted	<u>(371,577)</u>	<u>(610,026)</u>
Total Net Position (Deficit)	<u>\$ (371,577)</u>	<u>\$ (610,026)</u>
Total Liabilities and Net Position	<u>\$ 987,484</u>	<u>\$ 673,927</u>

At June 30, 2021, the School's total assets were \$987,484 and total liabilities were \$1,359,061. At June 30, 2020, the School reported a deficit in total net position of \$371,577, an improvement of \$238,449 from the prior year, which was the School's first year of operations.

A summary and analysis of the School's revenues and expenses for the years ended June 30, 2021 and 2020 follows:

REVENUES	<u>2021</u>	<u>2020</u>
Program Revenues		
Federal lunch program	\$ 15,712	\$ 1,794
Federal passed through state	365,649	451,157
Charges for services	92,714	56,217
General Revenues		
FEFP nonspecific revenue	3,126,609	1,879,039
Other local revenue	41,220	208,872
Total Revenues	<u>\$ 3,641,904</u>	<u>\$ 2,597,079</u>
 EXPENSES		
Instruction	\$ 1,536,411	\$ 1,581,253
Instructional and curriculum	109,911	-
Food services	18,922	23,940
General administration	103,364	83,955
School administration	270,887	273,419
Central services	26,110	33,015
School Board	9,411	16,674
Operation of plant	685,924	611,093
Fiscal services	472,777	318,603
Transportation	24,672	35,582
Administrative technology services	12,204	25,209
Community services	77,620	27,821
Interest on long-term debt	55,242	36,851
Total Expenses	<u>\$ 3,403,455</u>	<u>\$ 3,067,415</u>
Change in Net Position	238,449	(470,336)
 Net Position (Deficit) at Beginning of Year	(610,026)	(139,690)
 Net Position (Deficit) at End of Year	<u>\$ (371,577)</u>	<u>\$ (610,026)</u>

The School's total revenues for the year ended June 30, 2021 were \$3,641,904 while its total expenses were \$3,403,455, for a net increase of \$238,449. This was the School's second full year of operations. The School continued to make significant investments in its facilities, instruction and curriculum during its second year, while generating an increase in net position.

SCHOOL LOCATION

The School operates in the Manatee County area located at 8605 Erie Road, Parrish, FL 34219.

CAPITAL IMPROVEMENT REQUIREMENT

The School maintains a continuous capital improvements program to enhance facilities and update fixtures and equipment as required.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUND

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

GOVERNMENTAL FUNDS

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

For the year ended June 30, 2021, the School's governmental funds reported an increase in fund balance of \$229,585 and reported a combined fund balance at year-end of \$453,198.

CAPITAL ASSETS

The School's investment in capital assets, as of June 30, 2021, amounts to \$313,864 (net of accumulated depreciation). This investment in capital assets includes improvements, vehicles, furniture, fixtures, and equipment.

LONG-TERM DEBT

In the prior year, the School entered into a loan agreement with FORZA Education Management, LLC to assist with start-up costs incurred from July 2018 through December 2019 for \$274,428. During the prior year, the School entered into a loan agreement with Building Hope, Inc. for \$650,000 for working capital to support operations and renovations. The School also entered into a note payable arrangement for \$20,000 for the purchase of buses. Balances on these loans payable totaled \$940,858

In addition, the School received loan proceeds during the prior year ended June 30, 2020 for \$197,781 pursuant to the Paycheck Protection Program. Balances on the note payable totaled \$197,781 at June 30, 2021.

GOVERNMENTAL FUND BUDGET ANALYSIS

Prior to the start of the School's fiscal year, the Board of the School adopted an annual budget. A budgetary comparison statement has been provided for the governmental funds to demonstrate compliance with the School's budget.

	All Governmental Funds		
	Original Budget	Final Budget	Actual
REVENUES			
State passed through local district	\$ 2,611,659	\$ 3,126,609	\$ 3,126,609
Federal lunch program	20,000	15,712	15,712
Federal passed through state	337,825	365,649	365,649
Local and other revenue	199,800	133,934	133,934
TOTAL REVENUES	\$ 3,169,284	\$ 3,641,904	\$ 3,641,904
EXPENDITURES			
Instruction	\$ 1,473,427	\$ 1,536,411	\$ 1,536,411
Instructional and curriculum	90,180	109,911	109,911
Food services	100,000	18,922	18,922
General administration	92,220	103,364	103,364
School administration	218,593	243,791	243,791
Central services	19,945	26,110	26,110
School Board	8,900	9,411	9,411
Operation of plant	639,165	661,705	661,705
Fiscal services	375,175	472,777	472,777
Transportation	28,932	21,815	21,815
Administrative technology services	6,000	12,204	12,204
Community services	45,000	77,620	77,620
Capital Outlay:			
Other capital outlay	-	61,132	61,132
Debt service	67,250	57,146	57,146
TOTAL EXPENDITURES	\$ 3,164,787	\$ 3,412,319	\$ 3,412,319
Net change in fund balance	\$ 4,497	\$ 229,585	\$ 229,585

The School's initial budget reflected a projected full-time equivalent (FTE) student population of 354 students, while their actual FTE population was 376 at year-end.

REQUESTS FOR INFORMATION

This financial report is intended to provide a general overview of the finances of the School. Requests for additional information may be addressed to Mr. Charles Maletesta of FORZA Education Management at P.O. Box 830, Parrish, FL, 34219.

**PARRISH CHARTER ACADEMY
STATEMENT OF NET POSITION
JUNE 30, 2021**

	Governmental Activities
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 670,099
Prepaid expenses	3,521
TOTAL CURRENT ASSETS	<u>673,620</u>
CAPITAL ASSETS, NET	
Depreciable capital assets, net of accumulated depreciation	313,864
TOTAL CAPITAL ASSETS, NET	<u>313,864</u>
TOTAL ASSETS	<u><u>\$ 987,484</u></u>
LIABILITIES AND NET POSITION	
LIABILITIES	
Accounts payable and accrued liabilities	\$ 73,078
Accrued payroll and related expenses	147,344
Loans payable- current portion	642,851
Note payable- Paycheck Protection Program	197,781
TOTAL CURRENT LIABILITIES	<u>1,061,054</u>
Loans payable- long-term portion	298,007
TOTAL LIABILITIES	<u>1,359,061</u>
NET POSITION (DEFICIT)	
Deficit in unrestricted	(371,577)
TOTAL NET POSITION (DEFICIT)	<u>(371,577)</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 987,484</u></u>

The accompanying notes are an integral part of this financial statement.

**PARRISH CHARTER ACADEMY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

Functions	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	\$ 1,536,411	\$ -	\$ 331,269	\$ -	\$ (1,205,142)
Instructional and curriculum	109,911	-	-	-	(109,911)
Food services	18,922	3,210	15,712	-	-
General administration	103,364	-	-	-	(103,364)
School administration	270,887	-	2,917	-	(267,970)
Central services	26,110	-	7,949	-	(18,161)
Board	9,411	-	-	-	(9,411)
Operation of plant	685,924	15,000	23,514	-	(647,410)
Fiscal services	472,777	-	-	-	(472,777)
Transportation	24,672	-	-	-	(24,672)
Administrative technology services	12,204	-	-	-	(12,204)
Community services	77,620	74,504	-	-	(3,116)
Interest on long-term debt	55,242	-	-	-	(55,242)
Total Governmental Activities	\$ 3,403,455	\$ 92,714	\$ 381,361	\$ -	\$ (2,929,380)
GENERAL REVENUES:					
State through local school district					3,126,609
Local and other revenue					41,220
Total general revenues					<u>3,167,829</u>
Change in Net Position					238,449
NET POSITION (DEFICIT) - BEGINNING					<u>(610,026)</u>
NET POSITION (DEFICIT) - ENDING					<u>\$ (371,577)</u>

The accompanying notes are an integral part of this financial statement.

**PARRISH CHARTER ACADEMY
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2021**

	<u>Governmental Funds</u>
ASSETS	
Cash and cash equivalents	\$ 670,099
Prepaid expenses	3,521
TOTAL ASSETS	<u><u>\$ 673,620</u></u>
LIABILITIES AND FUND BALANCES	
LIABILITIES	
Accounts payable and accrued liabilities	\$ 73,078
Accrued payroll and related expenses	147,344
TOTAL CURRENT LIABILITIES	<u>220,422</u>
 TOTAL LIABILITIES	 220,422
FUND BALANCE	
Nonspendable	3,521
Unassigned	449,677
TOTAL FUND BALANCE	<u>453,198</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u><u>\$ 673,620</u></u>

The accompanying notes are an integral part of this financial statement.

**PARRISH CHARTER ACADEMY
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT
OF NET POSITION
JUNE 30, 2021**

Total Fund Balance - Governmental Funds	\$	453,198
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		313,864
Long term liabilities are not due in the current period and, accordingly, are not reported as fund liabilities.		(1,138,639)
		<hr/>
Total Net Position - Governmental Activities	\$	<u>(371,577)</u>

The accompanying notes are an integral part of this financial statement.

**PARRISH CHARTER ACADEMY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

	General Fund	Special Revenue Fund	Total Governmental Funds
REVENUES			
State passed through local school district	\$ 3,126,609	\$ -	\$ 3,126,609
Federal lunch program	-	15,712	15,712
Federal passed through state	-	365,649	365,649
Local and other revenue:			
Charges for services	89,504	3,210	92,714
Other	41,220	-	41,220
TOTAL REVENUES	\$ 3,257,333	\$ 384,571	\$ 3,641,904
EXPENDITURES			
Current:			
Instruction	\$ 1,205,142	\$ 331,269	\$ 1,536,411
Instructional and curriculum	109,911	-	109,911
Food services	-	18,922	18,922
General administration	103,364	-	103,364
School administration	240,874	2,917	243,791
Central services	18,161	7,949	26,110
School Board	9,411	-	9,411
Operation of plant	638,191	23,514	661,705
Fiscal services	472,777	-	472,777
Transportation	21,815	-	21,815
Administrative technology services	12,204	-	12,204
Community services	77,620	-	77,620
Capital Outlay:			
Other capital outlay	61,132	-	61,132
Debt service:			
Principal retirement	1,904	-	1,904
Interest	55,242	-	55,242
TOTAL EXPENDITURES	\$ 3,027,748	\$ 384,571	\$ 3,412,319
Excess of revenues over expenditures	229,585	-	229,585
NET CHANGE IN FUND BALANCE	229,585	-	229,585
Fund balance at beginning of year	223,613	-	223,613
Fund balance at end of year	<u>\$ 453,198</u>	<u>\$ -</u>	<u>\$ 453,198</u>

The accompanying notes are an integral part of this financial statement.

**PARRISH CHARTER ACADEMY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
JUNE 30, 2021**

Change in Fund Balance - Governmental Funds	\$ 229,585
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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 activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capital outlays	61,132
Depreciation expense	(54,172)

Repayment of long term liabilities are expenditures in the governmental funds, but the repayment reduces long term liabilities in the statement of net position.	1,904
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Change in Net Position of Governmental Activities	\$ 238,449
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The accompanying notes are an integral part of this financial statement.

**PARRISH CHARTER ACADEMY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 1 – ORGANIZATION AND OPERATIONS

Reporting Entity

Parrish Charter Academy (the “School”) is a charter school sponsored by the School Board of Manatee County, Florida (the “District”) and is a component unit of the District. The School’s charter is held by Parrish Charter Academy, Inc., a not-for-profit corporation, organized pursuant to Chapter 617, Florida Statutes, the Florida Not For Profit Corporation Act, and Section 1002.33 Florida Statutes. The School is governed by a Board of Directors composed of four members.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter which is effective through June 30, 2024. The charter may be renewed as provided in Section 1002.33 or 1002.331, Florida Statutes, upon mutual consent between the School and the District and execution of a written renewal. At the end of the term of the charter, the District may choose not to renew the charter under grounds specified in the charter, in which case the District is required to notify the School in writing at least ninety days prior to the charter's expiration. The School contract provides in the event the School is dissolved or terminated, any unencumbered funds and all School property purchased with public funds revert to the District. During the term of the charter, the District may also terminate the charter if good cause is shown.

These financial statements are for the year ended June 30, 2021, when approximately 375 students were enrolled in grades Kindergarten through 3rd grade.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Based on the guidance provided in the American Institute of Certified Public Accountants Audit and Accounting Guide – Audits per State and Local Governments and provisions of Florida Statutes, the School is presented as a governmental organization for financial statement reporting purposes under standards set by the Governmental Accounting Standards Board (“GASB”).

Government-wide and Fund Financial Statements

Government-wide Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These statements report information for the School as a whole. Both statements report only governmental activities as the School does not engage in any business type activities. These statements do not include fiduciary funds.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees, (2) operating grants and contributions which finance annual operating activities, and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. Other revenue sources not properly included with program revenues are reported as general revenues.

**PARRISH CHARTER ACADEMY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide and Fund Financial Statements (Continued)

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, namely, the general, special revenue, debt service, and capital project funds are reported as separate columns in the fund financial statements:

The School utilizes the following major governmental funds:

General Fund – is the School’s primary operating fund. The General Fund accounts for all financial resources not accounted for and reported in another fund.

Special Revenue Fund – used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service and capital projects.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The financial statements of the School are prepared in accordance with generally accepted accounting principles (GAAP). The School’s reporting entity applies all relevant Governmental Accounting Standards Board (GASB) *Codification of Accounting and Financial Reporting Guidelines*.

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Revenues from non-exchange transactions are reported according to Governmental Accounting Standards Board (GASB) Codification Section 1600.111 and Section N50 “*Accounting and Financial Reporting for Non-Exchange Transactions*.” On the accrual basis, revenues from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Measurable means the amount of the transaction can be determined. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The School considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Florida Education Finance Program (FEFP) revenues are recognized when received. A one-year availability period is used for revenue recognition for all other governmental fund revenues. When grant terms provide that the expenditure of funds is the prime factor for determining eligibility for federal, state, and other grant funds, revenue is recognized at the time the expenditure is made. Expenditures are recorded when the related fund liability is incurred, except for long-term debt principal and interest which are reported as expenditures in the year due.

Budgetary Basis of Accounting

In compliance with Florida Statutes, the Board of Directors adopts an annual budget using the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the object level (e.g., salaries, purchased services, and capital outlay) within each activity (e.g. instructional, pupil personnel services and school administration). Any revisions to the annual budget are approved by the Board.

**PARRISH CHARTER ACADEMY
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash

Cash deposits consist primarily of demand deposits included in pooled cash, held by banks which are qualified as public depositories under Florida law. Deposits on hand at financial institutions are insured by the Federal Depository Insurance Corporation (the "FDIC") and collateralized with securities held in Florida's multiple financial institution collateral pool as required by Chapter 280, Florida Statutes.

Capital Assets and Depreciation

Capital assets purchased or acquired are carried at historical cost or estimated historical cost. The School capitalization levels are \$1,000 on tangible personal property. Other costs incurred for repairs and maintenance are expensed as incurred. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the costs and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are as follows:

	Estimated Useful Lives (Years)
Improvements other than building	10
Leasehold improvements	15
Furniture, fixtures, and equipment	10
Vehicles	3 - 5

Compensated Absences

The School grants a specific number of days for sick/personal leave. Full-time office and administrative employees are eligible for up to ten days of active work during the ten-month period (a "benefit year"). Teachers are eligible for up to seven days of active work during the benefit year. In the event that available time is not used by the end of the benefit year, employees may not "rollover" all unused days for use in future benefit years. There is an opportunity for teachers to "cash out" unused days; however, teachers may only cash out if they have not used their seven eligible days by the end of the benefit year.

GASB Codification Section C60, *Accounting for Compensated Absences*, provides that compensated absences that are contingent on a specific event that is outside the control of the employer and employee should be accounted for in the period those events take place. Accordingly, these financial statements do not include an accrual for compensated days available to be used in future benefit years.

The School also provides certain days to be used for specific personal matters such as family death and jury duty. Because the use of such days is contingent upon those events taking place and such events are out of the control of both the employer and the employee, there is no accrual for such days.

Government-wide Fund Net Position

Government-wide fund net position are divided into three components:

- Net investment in capital assets – consists of the historical cost capital assets less accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributable to the acquisition or improvement of those assets plus deferred outflows of resources less deferred inflows of resources. The net investment in capital assets for the year ending June 30, 2021, was \$0.
- Restricted net assets – consists of net assets with constraints placed on their use either by external groups such as creditors, grantors, contributors, or laws or regulations of other governments less related liabilities and deferred inflows of resources. There were no restricted net assets at June 30, 2021.

**PARRISH CHARTER ACADEMY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide Fund Net Position (Continued)

- Unrestricted – all other net position is reported in this category

Governmental Fund Balances

In the governmental fund financial statements, fund balances are classified as follows:

- Non-spendable – fund balance associated with inventories, prepaid expenses, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned). At June 30, 2021, the School’s non-spendable fund balance was \$3,521.
- Restricted – fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. At June 30, 2021, there is no restricted fund balance.
- 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 Directors. At June 30, 2021, there is no committed fund balance.
- Assigned – fund balance classification 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. At June 30, 2021, there is no assigned fund balance.
- Unassigned – fund balance is the residual classification for the School’s general fund and includes all spendable amounts not contained in the other classifications.

Order of Fund Balance Spending Policy

The School considers restricted or unrestricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available and committed, assigned, or unassigned amounts are considered to have been spent when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

The School has a revenue spending policy that provides guidance for programs with multiple revenue sources. The finance officer will use resources in the following hierarchy: debt proceeds, federal funds, state funds, local non-city funds, city funds, and funds passed through the District. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The finance officer has the authority to deviate from this policy if it is in the best interest of the School.

Revenue Sources

Revenues for operations will be received primarily from the District School Board of Manatee County (the “School Board”) pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Section 1002.33, Florida Statutes, the School will report the number of full-time equivalent (FTE) students and related data to the School Board. Under the provisions of Section 1011.62, Florida Statutes, the School Board reports the number of the full-time equivalent (FTE) students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program. Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the Florida Education Finance Program and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey periods.

**PARRISH CHARTER ACADEMY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Sources (Continued)

The School may also receive federal grant awards and State financial assistance for the enhancement of various educational programs. Federal awards and State financial assistance are generally received based on an application submitted to and approved by various granting agencies. For federal awards and state financial assistance in which a claim to these grant proceeds is based on incurring eligible expenditures, revenue is recognized to the extent that eligible expenditures have been incurred. This activity is recorded in the Special Revenue Fund and Capital Outlay Fund. Additionally, other revenues may be derived from various fundraising activities and certain other programs.

Income Taxes

Parrish Charter Academy, Inc. qualifies as a tax exempt organization under the Internal Revenue Code Section 501(c)(3), and is, therefore, exempt from income tax. Accordingly, no tax provision has been made in the accompanying financial statements. The School has evaluated its tax position for all open tax years and has not identified any uncertain tax positions prior to year ending June 30, 2017.

Use of Estimates

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

Subsequent Events

The School has evaluated subsequent events and transactions for potential recognition or disclosure through September 22, 2021, which is the date the financial statements were available to be issued.

NOTE 3 - CAPITAL ASSETS

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

	Balance			Balance
	July 1, 2020	Additions	Disposals	June 30, 2021
Capital Assets				
Improvements other than building	\$ 242,185	\$ -	\$ -	\$ 242,185
Furniture, fixtures, and equipment	83,789	61,132	-	144,921
Vehicles	20,000	-	-	20,000
Total Capital Assets	<u>345,974</u>	<u>61,132</u>	<u>-</u>	<u>407,106</u>
Less Accumulated Depreciation				
Improvements other than building	\$ (13,365)	\$ (24,219)	\$ -	\$ (37,584)
Furniture, fixtures, and equipment	(23,086)	(27,096)	-	(50,182)
Vehicles	(2,619)	(2,857)	-	(5,476)
Total Accumulated Depreciation	<u>\$ (39,070)</u>	<u>\$ (54,172)</u>	<u>\$ -</u>	<u>\$ (93,242)</u>
Capital Assets, net	<u>\$ 306,904</u>	<u>\$ 6,960</u>	<u>\$ -</u>	<u>\$ 313,864</u>

**PARRISH CHARTER ACADEMY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 3 - CAPITAL ASSETS (Continued)

For the year ended June 30, 2021, depreciation expense was allocated in the statement of activities as follows:

Operation of plant	\$	24,219
School administration		27,096
Transportation		2,857
Total	\$	<u>54,172</u>

NOTE 4 – DEPOSITS POLICY AND CREDIT RISK

It is the School’s policy to maintain its cash and cash equivalents in one financial institution. Deposits at Federal Deposit Insurance Corporation (“FDIC”) insured financial institutions are insured up to \$250,000 per depositor, per financial institution. As of June 30, 2021, bank balances in excess of FDIC coverage totaled \$420,098.

NOTE 5 – LONG-TERM LIABILITIES

Loans payable

The School entered into a loan agreement with Forza Education Management, LLC (“FORZA”), the School’s education service provider, to assist with start-up costs incurred from July 2018 through December 2019 for an amount up to \$274,428. The note bears interest at 6%. Interest accrues beginning September 2020 through September 2021, at which time monthly payments of principle and interest are required through September 2025, when the loan and any accrued interest must be repaid in full. Interest incurred during the year end June 30, 2021 totaled \$12,991.

In July 2019, the School entered into a loan agreement in the amount of \$650,000, with Building Hope, Inc. (“Building Hope”) for working capital to support operations and renovations at the School’s facility. The loan bears interest at 6.5% per annum and calls for monthly payments of interest only for 24 months beginning September 2019, followed by monthly payments of principal and interest of \$61,029 through July 2022.

During the prior year, the School purchased two buses from Gulf Coast Charter Academy South (“Gulf Coast”), a charter school of the District School Board of Collier County, FL, and a related party through common control, for a total of \$20,000 under two separate arrangements. The arrangements call for equal monthly non-interest bearing payments commencing August 2018 through August 2026.

Below is a summary of changes in loans payable for the year ended June 30, 2021:

	Balance July 1, 2020	Borrowings	Repayments	Balance at June 30, 2021
Loan payable - FORZA	\$ 274,428	\$ -	\$ -	\$ 274,428
Loan payable - Building Hope	650,000	-	-	650,000
Loan payable - Gulf Coast	18,334	-	(1,904)	16,430
Total loans payable	<u>\$ 942,762</u>	<u>\$ -</u>	<u>\$ (1,904)</u>	<u>\$ 940,858</u>

**PARRISH CHARTER ACADEMY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 5 – LONG-TERM LIABILITIES (Continued)

Future payments to be made are as follows:

<u>Fiscal Year Ending June 30,</u>	
2022	\$ 642,851
2023	127,824
2024	71,088
2025	75,296
2026	21,654
Thereafter	2,145
	<u>\$ 940,858</u>

Note payable

In May 2020, the School received proceeds under a promissory note agreement from a financial institution in the amount of \$197,781 under the Paycheck Protection Program (“PPP”). The loan proceeds are to be used for payroll, rent, and utilities. The loan matures in May 2022 and bears interest at 1% per annum. The loan is payable monthly with a deferral of payments through August 16, 2021. The loan and accrued interest are forgivable in whole or in part if used for the qualifying purposes as noted above. Subsequent to year-end, the School submitted a loan forgiveness application to the financial institution for the full amount of the proceeds and is awaiting the final forgiveness approval as of the date of these financial statements. The School has not reflected the note payable in the future minimum payment schedule above, as they anticipate the loan will be forgiven in full.

NOTE 6 - MANAGEMENT STRUCTURE

All policy decisions, including the annual budget, are formulated by the Board of Directors. The Board of Directors has the powers reasonably necessary to manage, operate, maintain, and discharge the duties of the School to include adopting budgets; enter into contracts; adopt, publish, promulgate, and enforce rules and regulations; employ, on behalf of the School, managers, independent contractors, and any other employees deemed necessary; and acquire, sell, operate, lease, manage, and otherwise trade and deal with property, real and personal.

On July 16, 2018, the School entered into an agreement with Forza Education Management, L.L.C. (“FORZA”), a Florida limited liability company, to facilitate the continuation of the School by performing certain functions relating to the provision of educational services, transportation, food service, personnel management, and the administration and operation of the School in accordance with enrollment, age, and grade level specifications for the School. This agreement will be effective and remain effective through the last day of the Charter Contract and will automatically renew upon the renewal of the Charter Contract, unless written notice is provided one-hundred-eighty (180) days prior to the Charter Contract expiring. The agreement may be terminated with cause by either party upon a sixty-day notice of material breach, as defined in the contract. The Agreement will automatically renew for a period equal to the charter school agreement extension with the District, unless written notice to terminate by either party is received one-year prior to the expiration date of the agreement.

**PARRISH CHARTER ACADEMY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 6 - MANAGEMENT STRUCTURE (Continued)

FORZA shall be responsible for the following services: 1) implementation and administration of the educational program, 2) management of all personnel functions, 3) sound financial operation of the School, 4) business administration of the School, and 5) installation of necessary technology. The annual management fee for these services is 12% of all sources of gross receipts of the School excluding borrowings undertaken by the School, payable in twelve monthly installments. During the year ended June 30, 2021, the School incurred and paid management fees of \$427,025.

NOTE 7 – PROFESSIONAL SERVICES CONTRACT

The School entered into an agreement with Building Hope Services to provide accounting services to the School. The contract, renewable annually, calls for an annual fee of \$100 per student, payable in monthly installments. For the year ended June 30, 2021, the School incurred fees related to this agreement totaling \$37,600. At June 30, 2021, the School owed \$8,889 for fiscal year 2021 service fees, which are included in accounts payable.

NOTE 8 - RELATED PARTY TRANSACTIONS

The School entered into an agreement to rent space to FORZA Child Development Center, Inc. for a Pre-K Program that is operated by the management company, FORZA Education Management, L.L.C. (FORZA). The rental agreement term ends January 2024 and is subject to extension by written agreement. The agreement requires monthly payments of \$1,500 commencing July 2020 while the space is being used. Rental income for the year ended June 30, 2021 totaled \$15,000 and is included in charges for services.

The School entered into a loan payable agreement with Gulf Coast Charter Academy South, a charter school with common board of directors and management, for the purchase of buses in prior year. See Note 5.

The School entered into a loan agreement with Forza Education Management, L.L.C. (“FORZA”), the School’s education service provider. See Notes 5 and 6.

NOTE 9 – GRANTS

In the normal course of operations, the School receives grant funds from various federal, state and local agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of these audits is not reflected in these financial statements. However, the School is of the opinion that no material liability will result from such audits.

NOTE 10 – RISK MANAGEMENT

The School is exposed to various risks of loss related to torts, thefts of, damage to and destruction of assets, errors and omissions and natural disasters for which the School carries commercial insurance. Settlement amounts have not exceeded insurance coverage in the past. In addition, there were no reductions in insurance coverage from those in the prior year. The School does not sponsor a public entity risk pool and has had no settlements that have exceeded their insurance coverage.

**PARRISH CHARTER ACADEMY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 11 – COMMITMENTS

In August 2019, the School entered into an agreement to lease facilities from Alliance Parrish, LLC under a 25 year non-cancelable operating lease that expires July 31, 2045. There are no additional options to renew the lease. For the year ending June 30, 2021, the agreement called for an annual rent of \$428,000 payable in equal monthly installments beginning August 1, 2019. For the year ended June 30, 2021, the School paid a monthly rent amount of \$35,667. On August 1 each year, the annual base rent is adjusted in accordance with the agreement.

Future minimum lease payments are as follows:

<u>Year Ended June 30</u>	
2022	\$ 433,500
2023	444,940
2024	457,176
2025	469,749
2026	482,667
2027 - 2031	2,619,886
2032 - 2036	3,000,486
2037 - 2041	3,436,376
2042 - 2045	<u>3,112,137</u>
Total	<u>\$ 14,456,917</u>

NOTE 12 – COVID-19 PANDEMIC

The World Health Organization declared the coronavirus (COVID-19) a global pandemic and public health emergency. At this time, the School cannot reasonably estimate the extent to which this disruption may continue to impact the School's financial statements and future results of operations.

REQUIRED SUPPLEMENTAL INFORMATION

**PARRISH CHARTER ACADEMY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET
AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021**

	General Fund		
	Original Budget	Final Budget	Actual
REVENUES			
State passed through local school district	\$ 2,611,659	\$ 3,126,609	\$ 3,126,609
Local and other revenue	119,800	130,724	130,724
TOTAL REVENUES	\$ 2,731,459	\$ 3,257,333	\$ 3,257,333
EXPENDITURES			
Instruction	\$ 1,135,602	\$ 1,205,142	\$ 1,205,142
Instructional and curriculum	90,180	109,911	109,911
General administration	92,220	103,364	103,364
School administration	218,593	240,874	240,874
Central services	19,945	18,161	18,161
School Board	8,900	9,411	9,411
Operation of plant	639,165	638,191	638,191
Fiscal services	375,175	472,777	472,777
Transportation	28,932	21,815	21,815
Administrative technology services	6,000	12,204	12,204
Community services	45,000	77,620	77,620
Capital Outlay:			
Other capital outlay	-	61,132	61,132
Debt service	67,250	57,146	57,146
TOTAL EXPENDITURES	\$ 2,726,962	\$ 3,027,748	\$ 3,027,748
 Net change in fund balance	 \$ 4,497	 \$ 229,585	 \$ 229,585

See accompanying note to the required supplemental information.

**PARRISH CHARTER ACADEMY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET
AND ACTUAL – SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2021**

	Special Revenue Fund		
	Original Budget	Final Budget	Actual
REVENUES			
Federal lunch program	\$ 20,000	\$ 15,712	\$ 15,712
Federal passed through state	337,825	365,649	365,649
Charges for services	80,000	3,210	3,210
TOTAL REVENUES	<u>\$ 437,825</u>	<u>\$ 384,571</u>	<u>\$ 384,571</u>
EXPENDITURES			
Instruction	\$ 337,825	\$ 331,269	\$ 331,269
Food services	100,000	18,922	18,922
School administration	-	2,917	2,917
Central services	-	7,949	7,949
Operation of plant	-	23,514	23,514
TOTAL EXPENDITURES	<u>\$ 437,825</u>	<u>\$ 384,571</u>	<u>\$ 384,571</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying note to the required supplemental information.

**PARRISH CHARTER ACADEMY
NOTE TO REQUIRED SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE A – BUDGETARY INFORMATION

Budgetary basis of accounting

The School's annual budget is adopted for the entire operations at the combined governmental level and may be amended by the Board. The budget presented for the year ended June 30, 2021, has been prepared according to Board procedures. During the fiscal year, expenditures were controlled at the fund level.

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

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



INDEPENDENT AUDITOR'S 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*

Board of Directors of
Parrish Charter Academy
Parrish, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Parrish Charter Academy (the "School") 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, and have issued our report thereon dated September 22, 2021.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider 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 from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 22, 2021



MANAGEMENT LETTER

Board of Directors of
 Parrish Charter Academy
 Bonita Springs, Florida

Report on the Financial Statements

We have audited the financial statements of Parrish Charter Academy (the “School”), a non-major component unit of the District School Board of Manatee County, Florida, as of and for the fiscal year ended June 30, 2021, and have issued our report thereon dated September 22, 2021.

Auditor’s Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; 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 Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards. Disclosures in that report, which is dated September 22, 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. Corrections have been made in the preceding financial report, except as noted in the tabulation below and as described below in Financial Condition and Management.

Tabulation of Uncorrected Audit Findings		
Current Year	2019-2020 FY	2018-2019 FY
2021-1	2020-1	N/A

Official Title

Section 10.854(1)(e)5., Rules of the Auditor General, requires that the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title and the school code assigned by the Florida Department of Education of the entity are Parrish Charter Academy and 412181.

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 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 financials 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. The financial condition assessment procedures applied in connection with our audit has lead us to believe that the School's overall financial condition as of June 30, 2021 is not deteriorating.

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 have the following recommendations:

2021-1: Total Deficit in Net Position

Observation

Pursuant to Sections 218.39(5), Florida Statutes, the auditor must notify each member of the governing body for which a fund balance deficit in total or for that portion of a fund balance not classified as restricted, committed, or nonspendable, or a total or unrestricted net assets deficit, as reported on the fund financial statements of entities required to report under governmental financial reporting standards or on the basic financial statements of entities required to report under not-for-profit financial reporting standards, for which sufficient resources of the local governmental entity, charter school, charter technical career center, or district school board, as reported on the fund financial statements, are not available to cover the deficit.

Condition

The School has a total net position deficit of \$371,577 at June 30, 2021.

Cause

Although the School reflected an increase in net position from prior year and a positive fund balance during the year and at year end, the School reflected a deficit in net position as of June 30, 2021 due to their investments in capital assets and instruction during the prior and current year, the School's second year in operations.

Effect

The School has a total net position deficit of \$371,577 at June 30, 2021.

Recommendation

The School needs to continue to properly budget its expected expenditures and revenues for the following school year so that it can continue to improve its financial position.

Management response

During the initial years of a School's operation, many startup expenses are incurred. Management has made the necessary investments in capital, instruction and school administration in order to ensure the School operates successfully and excels academically in the future. Management notes that the School reported a positive change in net position during the current year, which improved its deficit in net position by \$238,449. The School also notes that its fund balance is positive as of June 30, 2021. In addition, the School expects that it will receive forgiveness of the Paycheck Protection Program loan, which will be reflected as income once forgiven and will improve the School's financial position. Finally, a budget for the School's 2021-2022 has been adopted which reflects an increase in fund balance and net position.

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 which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

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



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 22, 2021