

**FLORIDA HIGH SCHOOL FOR ACCELERATED
LEARNING - WEST PALM BEACH CAMPUS, INC.
d/b/a QUANTUM HIGH SCHOOL**

**Financial Statements
with Independent Auditor's Reports Thereon**

June 30, 2022



**McCRADY & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS**

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**FLORIDA HIGH SCHOOL FOR ACCELERATED
LEARNING – WEST PALM BEACH CAMPUS, INC.
d/b/a QUANTUM HIGH SCHOOL**

MANAGEMENT’S DISCUSSION AND ANALYSIS

Management of Florida High School for Accelerated Learning – West Palm Beach Campus, Inc. d/b/a Quantum High School (the “School”) offers the following narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2022.

Management’s discussion and analysis is included at the beginning of the School’s basic financial statements to provide the past and current position of the School’s financial condition. This summary should not be taken as a replacement for the audit, which consists of the basic financial statements and other supplemental information.

FINANCIAL HIGHLIGHTS

Based on the following financial and academic highlights, the School had a very successful fiscal year 2022:

- ❖ For the fiscal year ended June 30, 2022, the net position is \$2,104,574 which is an increase from 2021 of approximately \$674,000 due to the current year surplus. Cash also increased due to the surplus.
- ❖ Total governmental fund balance at the end of fiscal 2022 is \$1,773,107 due to the net increase in fund balance of approximately \$714,000.
- ❖ The School modified the fiscal year 2021 financial statements to implement changes required by GASB 87 accounting for leases.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to School’s basic financial statements. The School’s basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The basic financial statements present two different views of the School through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the understanding of the financial condition of School. This document also includes the Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements in Accordance With *Government Auditing Standards*, as well as the management letter required by the Rules of the Auditor General, Chapter 10.850, *Audits of Charter Schools and Similar Entities*.

Government-wide Financial Statements

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

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

The government-wide statements are divided into three categories: 1) governmental activities, 2) business-type activities, and 3) component units. The governmental activities include the School's basic services. The business-type activities are those services that the School charges for that are not directly related to the School's mission. For the year ended June 30, 2022, the School had no business-type activities or component units.

Fund Financial Statements

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

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

The School adopts an annual budget for its general fund, as required by the Florida Statutes. The budget is legally adopted by management of the School and its Board. A budgetary comparison schedule has been included as part of the required supplementary information. The budgetary comparison schedules show four columns: 1) the original budget as adopted by the Board, 2) the final budget as amended by the Board, 3) the actual resources, charges and ending balances in the general fund, and 4) the variance between the final budget and the actual resources and charges.

Notes to Financial Statements

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

This report also includes the 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*, as well as the management letter required by the Rules of the Florida Auditor General, Chapter 10.850, *Audits of Charter Schools and Similar Entities*.

GOVERNMENT-WIDE ANALYSIS OF THE SCHOOL

The School's combined net position as of June 30, 2022 and 2021, respectively is summarized as follows:

Governmental Activities			
	<u>Original 2022</u>	<u>Revised 2021</u>	<u>Variance</u>
Current and other assets	\$ 2,057,788	\$ 1,233,424	\$ 824,364
Right to use asset, net	3,499,182	3,729,897	(230,715)
Capital assets, net	506,124	447,122	59,002
Total Assets	<u>6,063,094</u>	<u>5,410,443</u>	<u>652,651</u>
Current and other liabilities	266,345	156,148	(110,197)
Long term liabilities	3,692,175	3,823,460	131,285
Total Liabilities	<u>3,958,520</u>	<u>3,979,608</u>	<u>21,088</u>
Net position:			
Net investment in			
capital assets	506,124	447,122	59,002
Unrestricted	1,598,450	983,713	614,737
Total Net Position	<u>\$ 2,104,574</u>	<u>\$ 1,430,835</u>	<u>\$ 673,739</u>

The analysis above includes the GASB 87 required retrospective adjustment to fiscal year 2021 which recognized the facility lease as an asset and liability on the balance sheet and also requires annual recognition of amortization expense and accumulated amortization.

The increase in current assets is due to an increase in cash related to the current year operating surplus and an increase in accounts receivable due from the Elementary and Secondary School Emergency Relief ("ESSER") fund reimbursement program. The decrease in right to use asset is due to the recognition of current year amortization. The increase in current and other liabilities is due to the timing of expense payments. The increase in total net position is due to the current year operating surplus. The beginning balances are restated to reflect the implementation of GASB 87 as described above.

Changes in Net Positions

The School's total revenues exceeded total expenses by approximately \$670,000 and \$270,000 in fiscal year 2022 and 2021 respectively—see table below.

Governmental Activities			
	<u>Original</u> <u>2022</u>	<u>2021</u>	<u>Variance</u>
Revenue:			
Federal sources passed through local school district	\$ 361,016	\$ 37,480	\$ 323,536
State and local sources	2,972,876	2,381,389	591,487
Contributions and other revenue	16,238	26,626	(10,388)
Total revenues	<u>3,350,130</u>	<u>2,445,495</u>	<u>904,635</u>
Expenses:			
Instruction	606,795	519,565	(87,230)
Pupil personnel services	133,733	99,566	(34,167)
Board	23,939	16,059	(7,880)
General administration	91,570	88,661	(2,909)
School administration	1,189,971	885,501	(304,470)
Fiscal services	14,400	11,725	(2,675)
Transportation	15,385	2,174	(13,211)
Operation of plant	444,962	413,857	(31,105)
Maintenance of plant	42,721	26,927	(15,794)
Interest	112,915	107,047	(5,868)
Total expenses	<u>2,676,391</u>	<u>2,171,082</u>	<u>(505,309)</u>
Change in net position	\$ <u>673,739</u>	\$ <u>274,413</u>	\$ <u>399,326</u>

The changes in net position for the fiscal year ended 2021 above includes a GASB 87 required retrospective adjustment which recognized interest and amortization expense and reduced operating lease expense on the School's facility lease.

The increase in federal sources passed through local school district is due to the Elementary and Secondary School Emergency Relief fund reimbursement program. The increase in state and local funds is due to increased Florida Education Finance Program revenue which is based on increased student enrollment and the receipt of the Palm Beach referendum settlement. The increase in instructional and school administration which is driven by the overall increase in student population and the return of students to on-campus learning.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2022, the School invested approximately \$506,000 in capital assets, net of accumulated depreciation of approximately \$852,000.

As of June 30, 2022 and 2021, comparative information regarding the School's capital assets is as follows:

	Governmental Activities		
	2022	2021	Variance
Leasehold improvements	\$ 770,865	\$ 770,865	\$ -
Computer equipment	300,925	300,925	-
Furniture, fixtures and equipment	286,571	164,034	122,537
	<u>1,358,361</u>	<u>1,235,824</u>	<u>122,537</u>
Less-accumulated depreciation	(852,237)	(788,702)	(63,535)
Total capital assets	\$ <u>506,124</u>	\$ <u>447,122</u>	\$ <u>59,002</u>

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

Lease Asset and Liabilities

The School's right to use asset for the year ended June 30, 2022 of \$3,499,182, net of accumulated amortization of \$461,430 is related to the facility lease.

The School's long term debt for the year ended June 30, 2022 of \$3,692,175 was composed entirely of the lease payable related to the School's facility lease. Interest paid during fiscal year June 30, 2022 was approximately \$113,000. More detailed information about the School's long-term liabilities is presented in Note 5 to the financial statements.

GENERAL FUND BUDGETARY HIGHLIGHTS

In the general fund, actual revenues were more than budgeted amounts by approximately \$100,000, primarily due to an increase in State and local funding as a result of increased FEFP funding. Actual expenditures were approximately \$559,000 less than budgeted amounts, exclusive of other financing sources (uses).

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Budget Highlights for the Fiscal Year Ending June 30, 2023

Amounts available for appropriation in the general fund are approximately \$3 million. The total budgeted general fund revenue is approximately \$224,000 greater than fiscal year 2022 actual.

Budgeted general fund expenditures are expected to be approximately \$2.6 million. If these estimates are realized, the School's fund balance is expected to increase at the conclusion of fiscal 2023.

CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT

This financial report is designed to provide interested parties with a general overview of the School's finances and to demonstrate the School's accountability for the money it receives. Should additional information be required, please contact ALS Education, LLC, 5850 T.G. Lee Blvd., Suite 345, Orlando, FL 32822.



Independent Auditor's Report

To the Board of Directors of Florida High School for Accelerated Learning – West Palm Beach Campus, Inc. d/b/a Quantum High School, a Charter School located in Palm Beach County, Florida

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Florida High School for Accelerated Learning – West Palm Beach Campus, Inc. d/b/a Quantum High School (the "School"), a Charter School located in Palm Beach County, Florida as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

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 Florida High School for Accelerated Learning – West Palm Beach Campus, Inc. d/b/a Quantum High School, a Charter School located in Palm Beach County, Florida as of and for the year ended June 30, 2022, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As described in Note 1 to the financial statements, the School implemented Government Accounting Standards Board (GASB) Statement No. 87 – Leases, which is a change in accounting principle that addresses accounting and financial reporting for leases. This new standard affects the comparability of amounts reported for the 2021-22 fiscal year with amounts reported for the 2020-21 fiscal year. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Schools' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension liability be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 30, 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.

McCrary & Associates, PLLC

Altamonte Springs, Florida
September 25, 2022

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**FLORIDA HIGH SCHOOL FOR ACCELERATED
LEARNING-WEST PALM BEACH CAMPUS , INC.
d/b/a QUANTUM HIGH SCHOOL**

Statement of Net Position

June 30, 2022

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 1,662,902
Due from other governmental agencies	376,550
Other assets	18,336
Right to use asset:	
Property under lease	3,960,612
Accumulated amortization	(461,430)
Total right to use asset	3,499,182
Capital assets:	
Leasehold improvements	770,865
Computer equipment	300,925
Furniture, fixtures, and equipment	286,571
Less accumulated depreciation	(852,237)
Total capital assets, net	506,124
Total assets	\$ 6,063,094
LIABILITIES	
Due to management company	\$ 266,345
Long-term liabilities:	
Portion due or payable within one year	
Lease obligations	159,975
Portion due or payable after one year	
Lease obligations	3,532,200
Total liabilities	3,958,520
NET POSITION	
Net investment in capital assets	506,124
Unrestricted	1,598,450
Total net position	2,104,574
Total liabilities and net position	\$ 6,063,094

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

**FLORIDA HIGH SCHOOL FOR ACCELERATED
LEARNING-WEST PALM BEACH CAMPUS, INC.
d/b/a QUANTUM HIGH SCHOOL**

Statement of Activities

For the Year Ended June 30, 2022

	Program Specific Revenues			Net (Expenses) Revenues and Changes in Net Position	
	Charges for	Operating	Capital	Governmental	
Governmental Activities:	Expenses	Services	Grants and Contributions	Grants and Contributions	Activities
Instruction	\$ 606,795	\$ -	\$ 99,506	\$ -	\$ (507,289)
Pupil personnel support	133,733	-	-	-	(133,733)
Board	23,939	-	-	-	(23,939)
General administration	91,570	-	-	-	(91,570)
School administration	1,189,971	-	157,197	-	(1,032,774)
Fiscal services	14,400	-	-	-	(14,400)
Transportation	15,385	-	-	-	(15,385)
Operation of plant	444,962	-	-	-	(444,962)
Maintenance of plant	42,721	-	-	-	(42,721)
Interest	112,915	-	-	-	(112,915)
Total primary government	\$ 2,676,391	\$ -	\$ 256,703	\$ -	\$ (2,419,688)
General revenues:					
Federal sources					104,313
State and local sources					2,972,876
Other revenue sources					16,238
Total general revenues					3,093,427
Changes in net position					673,739
Net position at beginning of year, as previously stated					1,524,398
Adjustment to beginning net position					(93,563)
Net position at beginning of year, as restated					1,430,835
Net position at end of year					\$ 2,104,574

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

**FLORIDA HIGH SCHOOL FOR ACCELERATED
LEARNING-WEST PALM BEACH CAMPUS, INC.
d/b/a QUANTUM HIGH SCHOOL**

Balance Sheet - Governmental Funds

June 30, 2022

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 1,662,902	\$ -	\$ -	\$ 1,662,902
Due from other governmental agencies	28	28,757	347,765	376,550
Due from other funds	376,522	-	-	376,522
Total assets	\$ 2,039,452	\$ 28,757	\$ 347,765	\$ 2,415,974
 LIABILITIES				
Due to management company	\$ 266,345	\$ -	\$ -	\$ 266,345
Due to general fund	-	28,757	347,765	376,522
Total liabilities	266,345	28,757	347,765	642,867
 FUND BALANCES				
Spendable:				
Unassigned	1,773,107	-	-	1,773,107
Total fund balances	1,773,107	-	-	1,773,107
Total liabilities and fund balances	\$ 2,039,452	\$ 28,757	\$ 347,765	\$ 2,415,974

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

**FLORIDA HIGH SCHOOL FOR ACCELERATED
LEARNING-WEST PALM BEACH CAMPUS, INC.
d/b/a QUANTUM HIGH SCHOOL**

**Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position**

June 30, 2022

Total fund balances - governmental funds	\$ 1,773,107
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Amounts reported for governmental activities in the statement of net position are different because:

Assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. The cost of the assets at year end consist of:

Capital assets	1,358,361
Accumulated depreciation	(852,237)
Property under lease	3,960,612
Accumulated amortization	(461,430)

Non-current assets are not financial resources and, therefore, are not reported at assets in the governmental funds. Non-current assets at year-end consists of:

Deposits	18,336
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Long-term liabilities, including notes payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year end consist of:

Lease obligations	<u>(3,692,175)</u>
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Total net position - governmental activities	<u><u>\$ 2,104,574</u></u>
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The accompanying notes to financial statements are an integral part of this statement.

**FLORIDA HIGH SCHOOL FOR ACCELERATED
LEARNING-WEST PALM BEACH CAMPUS, INC.
d/b/a QUANTUM HIGH SCHOOL**

**Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds**

For the Year Ended June 30, 2022

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Federal sources passed through local school district	\$ -	\$ -	\$ 361,016	\$ 361,016
State and local sources	2,771,130	201,746	-	2,972,876
Contributions and other revenues	16,238	-	-	16,238
Total revenues	<u>2,787,368</u>	<u>201,746</u>	<u>361,016</u>	<u>3,350,130</u>
EXPENDITURES				
Current:				
Instruction	486,582	-	99,506	586,088
Pupil personnel support	133,733	-	-	133,733
Board	23,939	-	-	23,939
General administration	91,570	-	157,197	248,767
School administration	1,031,739	-	-	1,031,739
Fiscal services	14,400	-	-	14,400
Transportation	15,385	-	-	15,385
Operation of plant	172,454	-	-	172,454
Maintenance of plant	42,721	-	-	42,721
Debt Service				
Principal	-	131,286	-	131,286
Interest	-	52,236	60,678	112,914
Capital outlay	-	18,224	104,313	122,537
Total expenditures	<u>2,012,523</u>	<u>201,746</u>	<u>421,694</u>	<u>2,635,963</u>
Excess of (expenditures) or revenues	<u>774,845</u>	<u>-</u>	<u>(60,678)</u>	<u>714,167</u>
OTHER FINANCING SOURCES (USES)				
Operating transfer in	-	-	60,678	60,678
Operating transfer out	(60,678)	-	-	(60,678)
Total other financing sources	<u>(60,678)</u>	<u>-</u>	<u>60,678</u>	<u>-</u>
Net changes in fund balances	714,167	-	-	714,167
Fund balance at beginning of year	1,058,940	-	-	1,058,940
Fund balance at end of year	<u>\$ 1,773,107</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,773,107</u>

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

**FLORIDA HIGH SCHOOL FOR ACCELERATED
LEARNING-WEST PALM BEACH CAMPUS, INC.
d/b/a QUANTUM HIGH SCHOOL**

**Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds
to the Statement of Activities**

For the Year Ended June 30, 2022

Net changes in fund balances - total governmental funds	\$ 714,167
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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 and reported as depreciation expense. This is the amount incurred for the period ended:

Capital outlays	122,537
Depreciation expense	30,027
Amortization expense	(324,278)

Principal payments on long-term debt are expenditures in the governmental funds, but the repayments reduce long-term liabilities in the statement of net position.

131,286

Change in net position of governmental activities	\$ <u>673,739</u>
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The accompanying notes to financial statements are an integral part of this statement.

**FLORIDA HIGH SCHOOL FOR ACCELERATED
LEARNING – WEST PALM BEACH CAMPUS, INC.
d/b/a QUANTUM HIGH SCHOOL**

Notes to Financial Statements

For the Year Ended June 30, 2022

1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Florida High School For Accelerated Learning – West Palm Beach Campus, Inc., d/b/a Quantum High School (the “School”) is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes and the Florida Not-for-Profit Corporation Act. The governing body of the School is the not-for-profit corporation Board of Directors the (“Board”), which is composed of four members. The School has retained a management company to operate the School (see Note 6).

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, the District School Board of Palm Beach County Florida, (the “School Board”). The School is considered a component unit of the School Board and meets the definition of a governmental entity under the Governmental Accounting Standards Board (“GASB”).

The School developed a philosophy of recognizing and rewarding each student as an individual. Therefore the education program, goals and objectives, and methods of accountability toward the objectives, must be set according to the situation of each individual student.

The School has selected a self-paced, mastery based, accelerated learning program as the model to implement this philosophy. The goal of the School is to provide, for students that might not be best suited for traditional schools, a school program and educational opportunities. These students include, but are not limited to, drop-outs or those in danger of dropping out, students needing more remedial support or individual instruction than can be obtained in a traditional high school, and students with family or other situations that prevent attending a regular scheduled program at traditional high schools.

Charter Contract

The School operates under a charter granted by the Palm Beach School Board (the “School Board”). The current charter expires on June 30, 2026 and may be renewed for a maximum of an additional five years, unless a longer term is required by law or by mutual written agreement between the School and the School Board. Upon the expiration of the charter, the School Board may elect not to renew the charter under grounds specified in the charter. However, the School Board may terminate the current charter at any time if good cause is shown. In the event of termination of the charter, any property purchased by the School with public funds and any unencumbered public funds revert to the School Board.

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**Notes to Financial Statements
(continued)**

Basis of Presentation

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

Government-Wide Financial Statements

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

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

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

Fund Financial Statements

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

- General Fund – the School’s primary operating fund that accounts for all financial resources of the school, except those that are required to be accounted for in another fund.
- Capital Projects Fund – to account for all resources for the acquisition of capital items by the School purchased with capital outlay funds.
- Special Revenue Fund – to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for a specific purpose.

For the purpose of these statements, the general and capital projects funds are considered major funds. The school had no debt service fund during fiscal 2022.

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**Notes to Financial Statements
(continued)**

Basis of Accounting

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

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

The governmental funds basic financial statements are reported using the modified accrual basis of accounting. Under this method, revenues are recognized when they become measurable and available. Revenues are considered to be available when they are collectable within a current period. The School considers revenues to be available if they are collected within 60 days after the end of the current fiscal year. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for Federal, State, and other grant resources, revenues is recognized at the time the expenditure is made.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized when due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds from the acquisition of long-term debt are reported as other financing sources.

Budgetary Basis Accounting

Budgets are prepared using the modified accrual basis of accounting and the governing board must approve all budgets and amendments. During the fiscal year, expenditures were controlled at the object level. Budgets may be amended by resolution of the Board prior to the date of the annual report. The School amended its budget during fiscal 2022.

Cash and Cash Equivalents

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

As Florida Statutes and the School's policy require, all deposits must be made into and held by financial institutions designated by the treasurer of the State of Florida as qualified public depositories as defined by Chapter 280 of the Florida Statutes. This statute requires that every qualified public depository institution maintain eligible collateral to secure the public entity's funds. The minimum collateral to be pledged by the institution, the collateral eligible for pledge, and reporting requirements of the qualified public depositor to the treasurer is defined by the ability of the institution to guarantee deposits made by members of the pool should the need arise. The School's deposits are held in a qualified public depository. They are covered by the collateral pool as the School has identified itself as a public entity at June 30, 2022.

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**Notes to Financial Statements
(continued)**

Interfund receivables and payables

Activities between the funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as due to/from other funds. The general fund recorded a total receivable of \$376,522, the capital projects fund recorded a payable of \$28,757 and other governmental funds recorded a payable of \$347,765, which are related to amounts paid by the general fund on behalf of the capital projects and other governmental funds.

Capital Assets and Depreciation

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

	<u>Years</u>
Leasehold improvements	7 - 20
Furniture, fixtures, and equipment	3 - 5

Information related to the change in capital assets is described in Note 4.

Lease Asset and Liability

The School implemented GASB Statement No. 87 - Leases, which requires the recognition of certain long term lease contracts in which the School has control of a non-financial asset. The lease liability is recorded at the present value of future lease payments, including fixed payments, variable payments and reasonably certain guarantees. The lease liability is reduced for lease payments made, less the interest portion of the lease payment.

The non-financial asset is recorded as an intangible right-to-use asset. The right-to-use asset is recorded for the same amount as the related lease liability plus any prepayments and initial direct costs to place the asset in service. The right-to-use asset is amortized over the shorter of the useful life of the asset or lease term. In the current fiscal year, the School recognized a right-to-use asset and a lease liability of \$3,960,612, which applies to their educational facility lease.

Information related to the change in the right-to-use asset and lease liability is presented in Note 5.

Net Position and Fund Balance Classifications

Government-wide financial statements

The net position is classified and reported in three components:

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**Notes to Financial Statements
(continued)**

- Investment in capital assets, net of related debt – consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any borrowings that are specifically attributed to the acquisition or improvement of those assets.
- Restricted – consists of amounts with constraints placed on their use either by external groups such as creditors, grantors, contributors, laws or regulations of other governments. As of June 30, 2022, the School did not have any restricted amounts.
- Unrestricted – all other amounts that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

Fund financial statements

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

- Nonspendable – 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). All nonspendable fund balances at year end relate to assets that are in nonspendable form.
- Restricted – fund balance that can be spent only for the specific purposes stipulated by the constitution, external resource providers, or through enabling legislation.
- Committed – fund balance that can be used only for the specific purposes determined by a formal action of the School’s Board of Governance.
- Assigned – fund balance that is intended to be used by the School’s management for specific purposes but does not meet the criteria to be classified as restricted or committed.
- Unassigned – fund balance that is the residual amount for the School’s general fund and includes all spendable amounts not contained in the other classifications.

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

Order of Fund Balance Spending Policy

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

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**Notes to Financial Statements
(continued)**

Revenue Sources

Revenues for operations are received primarily from the School Board, pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Section 1002.33, Florida Statutes, the School reports the number of full-time equivalent (FTE) students and related data to the School Board. The School Board receives a 5% administrative fee from the School, which is withheld from the respective Florida Education Finance Program (FEFP) payments. The administrative expense is reflected as a general administration expense/expenditure in the accompanying statement of activities and statement of revenues, expenditures and changes in fund balances – governmental funds. The administrative fee is calculated on the FEFP revenue up to 250 students.

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

The basic amount of funding through the FEFP under Section 1011.62 is calculated based on (1) unweighted FTE, multiplied by (2) the cost factor for each program multiplied by (3) the base student allocation established by the Florida legislature. Additional funds for exceptional students who do not have a matrix of services are provided through the guaranteed allocation designated in Section 1011.62(1)(e)2., Florida Statutes. For the year ended June 30, 2022, the School reported 326.94 unweighted FTE.

The School received additional funding under other federal and state grants. This assistance is generally received based on applications submitted to various granting agencies. For federal and state grants in which funding is awarded based on incurring eligible expenditures, revenue is recognized as the amount of eligible expenditures have been incurred. The School is also eligible for charter school capital outlay funding. The amounts received under this program are based on the School's actual and projected student enrollment during the fiscal year. Funds received under this program may only be used for lawful capital outlay expenditures.

Use of Estimates

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

Recently Issued Accounting Pronouncements

In June 2017, the GASB issued Statement No. 87, *Leases*. This pronouncement establishes a single model for lease accounting based on the foundational principle that leases are financings

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**Notes to Financial Statements
(continued)**

of the right to use an underlying asset. Under this pronouncement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, thereby enhancing the relevance and consistency of information about a school's leasing activities. The cumulative effect of any changes implemented to conform to this pronouncement would be reported as a restatement of beginning net position and fund balance. The original effective implementation date was June 30, 2021. However, GASB Statement No. 95 postponed the implementation of this statement to be effective for reporting periods beginning after June 15, 2021. Therefore, management's adoption of this Statement resulted in adjustments to the prior year's financial statements as described in Note 5.

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. This Statement would now require interest costs incurred before the end of construction period to be recognized as an expense in the period in which the cost is incurred under the economic resource measurement focus. The effective implementation date is June 30, 2022. Currently, the School is not engaged in any construction projects but is aware of the effect of the adoption of this Statement for future projects.

2 FAIR VALUE MEASUREMENTS

Accounting principles generally accepted in the United States (GAAP) define fair value for an investment generally as the price an organization would receive upon selling the investment in an orderly transaction to an independent buyer in the principal or most advantageous market for the investment. The information available to measure fair value varies depending on the nature of each investment and its market or markets. Accordingly, GAAP recognizes a hierarchy of "inputs" an organization may use in determining or estimating fair value. The inputs are categorized into "levels" that relate to the extent to which an input is objectively observable and the extent to which markets exist for identical or comparable investments. In determining or estimating fair value, an organization is required to maximize the use of observable market data (to the extent available) and minimize the use of unobservable inputs. The hierarchy assigns the highest priority to unadjusted quoted prices in active markets for identical items (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

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

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

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

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

This statement requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. The School's significant financial instruments are cash, accounts receivable, accounts payable, short term borrowings, and other short term assets

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**Notes to Financial Statements
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and liabilities. For these financial instruments (level 1), carrying values approximate fair value because of the short maturity of these instruments.

3 DUE FROM OTHER GOVERNMENTAL AGENCIES

Due from other agencies, included in the accompanying financial statements, includes \$28,757 of Capital Outlay receivable from the Florida Department of Education. It also includes \$347,386 of Elementary and Secondary School Emergency Relief (“ESSER”) Funds from the School Board, a \$379 CPR grant receivable from the Florida Department of Education, as well as a \$28 reimbursement receivable. Based on the sources of funds and management’s evaluation of collectability, an allowance for doubtful accounts is not considered necessary.

4 CAPITAL ASSETS

Capital asset activity during the year ended June 30, 2022 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets:				
Leasehold improvements	\$ 770,865	\$ -	\$ -	\$ 770,865
Computer equipment	300,925	-	-	300,925
Furniture, fixtures, and equipment	164,034	122,537	-	286,571
Total capital assets	<u>1,235,824</u>	<u>122,537</u>	<u>-</u>	<u>1,358,361</u>
Accumulated depreciation:				
Leasehold improvements	(331,715)	(40,792)	-	(372,507)
Computer equipment	(300,926)	-	-	(300,925)
Furniture, fixtures, and equipment	(156,061)	(22,744)	-	(178,805)
Total accumulated depreciation	<u>(788,702)</u>	<u>(63,536)</u>	<u>-</u>	<u>(852,237)</u>
Capital assets, net	<u>\$ 447,122</u>	<u>\$ 59,001</u>	<u>\$ -</u>	<u>\$ 506,124</u>
Depreciation expense:				
Instruction			\$ 20,708	
Administration			1,035	
Operation of plant			41,793	
Total governmental activities depreciation expense			<u>\$ 63,536</u>	

Depreciation expense is allocated to the above expenditures in the accompanying statement of activities.

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**Notes to Financial Statements
(continued)**

5 LEASE ASSET AND LIABILITY

The School entered into a lease extension for the facilities of the School through August 31, 2022 with three (3) additional five (5) year term extensions. The lease requires monthly payments of \$20,350 plus common area maintenance charges through the term of the lease. Total payments in connection with the facility lease amounted to \$244,200 for the year ended June 30, 2022. Base rent for each renewal period will increase by 12% over the base rent for the prior term. The facility lease agreement is guaranteed by the School's management company.

Adhering to the requirements of GASB 87, the School was required to retroactively record the following lease asset and lease note payable. Information related to the School's 2021 lease activity is as follows:

Right to Use Asset:		
Right to use asset, net	\$	3,960,612
2021 Amortization of asset		<u>(230,715)</u>
Right to use asset, net	\$	<u>3,729,897</u>
Lease note payable	\$	<u><u>3,823,460</u></u>

Information related to the School's lease activity during the year ended June 30, 2022 is as follows:

Right to Use Asset:		
Right to use asset, net	\$	3,729,897
2022 amortization expense		<u>(230,715)</u>
Right to use asset, net	\$	<u>3,499,182</u>
Lease note payable	\$	<u><u>3,692,175</u></u>

Amortization of the right to use asset is calculated using the straight line method over the remaining lease term beginning in fiscal 2021. Amortization expense was charged to governmental activities and included within the operation of plant. Interest expense related to the amortization of the lease note payable is \$112,915 for the year ended June 30, 2022 and is included in debt service.

Future minimum lease payments including annual increases are as follows:

	Principal	Interest	Total
2023	\$ 159,975	\$ 108,645	\$ 268,620
2024	169,571	103,933	273,504
2025	175,012	98,492	273,504
2026	180,335	93,169	273,504
2027	185,820	87,684	273,504
2028-2032	1,187,482	338,670	1,526,152
2033-2037	1,577,012	132,278	1,709,290
2038	56,968	213	57,181
Totals	<u>\$ 3,692,175</u>	<u>\$ 963,084</u>	<u>\$ 4,655,259</u>

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**Notes to Financial Statements
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6 SCHEDULE OF STATE AND LOCAL REVENUE SOURCES

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

District School Board of Palm Beach County, Florida:

Florida Education Finance Program (FEFP)	\$	1,539,466
Palm Beach referendum settlement		338,184
Class size reduction		322,510
Discretionary local effort		262,777
Capital outlay funding		173,078
Supplemental academic instruction		71,880
ESE guaranteed allocation		61,114
Teacher salary increase		53,913
Student reserve allocation		38,555
Transportation		33,360
Safe schools		24,396
Instructional materials		23,646
Reading allocation		13,326
Mental health assistance allocation		12,761
Miscellaneous local source		2,379
Lead teacher		1,280
CPR grant		251
		251
Total	\$	2,972,876

The administrative fee paid to the School Board during the year ended June 30, 2022 totaled approximately \$92,000, which is reflected as a general administration expense/expenditure in the accompanying statement of activities and statement of revenues, expenditures and changes in fund balances – governmental funds.

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**Notes to Financial Statements
(continued)**

7 MANAGEMENT AND EDUCATIONAL AGREEMENTS

Management Services Agreement

The School entered into a management services agreement with Accelerated Learning Solutions, Inc., a Tennessee Corporation, in 2011 to provide management and consulting services to the School in the areas of financial operations, facility and equipment procurement and maintenance, curriculum assessment and evaluation, technology and operational support, human resources and student recruitment. Effective May 22, 2020, the management services agreement was assigned to ALS Education, LLC (“ALS” or the “Company”) a Delaware Limited Liability Company. The assignment will not result in any change to the terms and services currently under the existing agreement.

The management services agreement is subject to a notice of intent not to renew, which requires an execution of six months prior to its anniversary by either party. Under the terms of the agreement, the School is charged continuing fees for services of eleven percent (11%) of the School’s qualified gross revenues. Qualified gross revenues include various state, federal and local source revenues with certain exceptions. Qualified gross revenues exclude student fees, PTA/PTO income and any state or federal funding that is meant to be a reimbursement of expenditures on a dollar for dollar basis. In addition to the 11% continuing fee, as of June 18, 2014, the School is charged an additional \$23,333 per month for shared costs which include support related to curriculum, information technology, data, statistical, School District, purchasing, payroll, human resources and facilities.

The contract may be terminated by the School for non-renewal of the charter with the School Board and for breaches of contract terms which have not been cured within ninety days of written notice at the time of the contract breach. The contract may be terminated by ALS for fiscal year operating deficits (excluding the first year of operations), failure to pay fees due to ALS, material changes in federal or state funding, or other material breaches of the contract terms by the School which have not been cured within ninety days of written notice at the time of the contract breach.

For the year ended June 30, 2022, the School incurred approximately \$370,000 of management fees and \$280,000 of shared administrative costs which are reflected in school administration expense in the accompanying statements of activities and statement of revenues, expenditures and changes in fund balances – governmental funds.

Educational Services Agreement

The School also entered into an educational services agreement with Accelerated Learning Solutions, Inc., a Tennessee Corporation, to provide educational services to the School. The agreement commenced January 2011 for an initial five year term and was renewed in July 2016 for an additional 10 year term. Effective May 22, 2020, the educational services agreement was assigned to ALS Education, LLC (“ALS” or the “Company”) a Delaware Limited Liability Company. The assignment will not result in any change to the terms and services currently under the existing agreement. As noted above, the educational services agreement is subject to a notice of intent not to renew, which requires an execution of six months prior to its anniversary by either party.

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**Notes to Financial Statements
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Under the terms of the agreement, the School is charged fees for services of three percent (3%) of the School's qualified gross revenues as defined above. In addition, the School must pay ALS all salary and hourly benefit costs of the personnel employed by ALS for the School, and all direct, third party costs incurred by ALS in connection with providing the educational program services.

In return for the above fees the Company shall be responsible for providing the educational program for the School subject to the approval of the School and consistent with the mission set forth in the School's charter. The Company shall also recruit, select and employ the School's principal and other personnel deemed necessary by the Company and the School for the School's operations.

The contract may be terminated by the School for non-renewal of the charter with the School Board and for breaches of contract terms which have not been cured within ninety days of written notice at the time of the contract breach. The contract may be terminated by the Company for fiscal year operating deficits (excluding the first year of operations), failure to pay fees due to the Company, material changes in federal or state funding, or other material breaches of contract terms by the School which have not been cured within ninety days of written notice at the time of the contract breach.

For the year ended June 30, 2022, the School incurred approximately \$79,000 of educational contract services (3%) and is reflected as a general administration in the accompanying statements of activities and statement of revenues, expenditures and changes in fund balances – governmental funds.

Due to Management Company

Due to management company of approximately \$266,000 is included in the accompanying financial statements. The amount due includes the management and education service fees, salaries, facilities, administrative and operating costs.

8 RISK MANAGEMENT PROGRAM

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

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**Notes to Financial Statements
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9 COMMITMENTS AND CONTINGENT LIABILITIES

Retirement benefits

The School does not provide post-retirement benefits to retired employees. All employees are employees of the management company and benefits are the management company's sole responsibility.

Grants

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

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

Legal Matters

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

10 RELATED PARTIES

The School is related to Florida High School for Accelerated Learning – Palm Beach County Campus, Inc., d/b/a Worthington High School by common Board of Directors. The Schools share certain board costs throughout the year.

11 INCOME TAXES

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

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12 SUBSEQUENT EVENTS

In accordance with GASB Codification Section 2250.106, the School has evaluated subsequent events and transactions for potential recognition or disclosure through September 25, 2022, which is the date the financial statements were available to be issued.

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Required Supplementary Information

Budgetary Comparison Schedule - General Fund

For the Year Ended June 30, 2022

	Budgeted Amounts		Actual	Positive (Negative) Variance
	Original	Final		
REVENUES				
State and local sources	\$ 2,378,303	\$ 2,687,755	\$ 2,771,130	\$ 83,375
Contributions and other revenues	-	-	16,238	16,238
Total revenues	<u>2,378,303</u>	<u>2,687,755</u>	<u>2,787,368</u>	<u>99,613</u>
EXPENDITURES				
Current:				
Instruction	614,374	725,880	486,582	239,298
Pupil personnel support	113,028	137,303	133,733	3,570
Board	30,000	30,000	23,939	6,061
General administration	88,743	93,743	91,570	2,173
School administration	1,012,803	1,093,913	1,031,739	62,174
Fiscal services	20,000	20,000	14,400	5,600
Food service	2,327	-	-	-
Transportation	28,210	28,210	15,385	12,825
Operation of plant	195,756	398,361	172,454	225,907
Maintenance of plant	22,251	43,718	42,721	997
Total expenditures	<u>2,127,492</u>	<u>2,571,128</u>	<u>2,012,523</u>	<u>558,605</u>
Excess of revenues over expenditures	<u>250,811</u>	<u>116,627</u>	<u>774,845</u>	<u>658,218</u>
OTHER FINANCING SOURCES (USES)				
Operating transfer out	(119,185)	(119,185)	(60,678)	58,507
Total other financing sources	<u>(119,185)</u>	<u>(119,185)</u>	<u>(60,678)</u>	<u>58,507</u>
Net changes in fund balance	131,626	(2,558)	714,167	716,725
Fund balances at beginning of year	1,058,940	1,058,940	1,058,940	-
Fund balances at end of year	<u>\$ 1,190,566</u>	<u>\$ 1,056,382</u>	<u>\$ 1,773,107</u>	<u>\$ 716,725</u>

**FLORIDA HIGH SCHOOL FOR ACCELERATED
LEARNING-WEST PALM BEACH CAMPUS , INC.
d/b/a QUANTUM HIGH SCHOOL**

Notes to Required Supplementary Informaiton

1. 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 (e.g., salaries and benefits, purchased services, materials and supplies and capital outlay) within each activity (e.g., instruction, pupil personnel services and school administration). Budgets may be amended by resolution at any Board meeting prior to the date for the annual report.



**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**

To the Board of Directors of Florida High School for Accelerated Learning – West Palm Beach Campus, Inc. d/b/a Quantum High School, a Charter School located in Palm Beach County, 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, each major fund and remaining aggregate fund information for the Florida High School for Accelerated Learning – West Palm Beach Campus, Inc. d/b/a Quantum High School, a Charter School located in Palm Beach County, Florida, as of and for the year ended June 30, 2022, 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 25, 2022.

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 School's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free 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.

McCrady & Associates, PLLC

Altamonte Springs, Florida
September 25, 2022

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**Additional Information Required by
Rules of the Auditor General,
Chapter 10.850, *Audits of Charter Schools
and Similar Entities***



McCrary & Associates
CERTIFIED PUBLIC ACCOUNTANTS

**Management Letter as Required by Rules of the Florida Auditor General,
Chapter 10.850, Florida Statutes, *Charter School Audits***

To the Board of Directors of Florida High School for Accelerated Learning – West Palm Beach Campus, Inc. d/b/a Quantum High School, a Charter School located in Palm Beach County, Florida

Report on the Financial Statements

We have audited the financial statements of Florida High School for Accelerated Learning-West Palm Beach Campus, Inc., d/b/a Quantum High School (the “School”) as of and for the fiscal year ended June 30, 2022, and have issued our report thereon dated September 25, 2022.

Auditor’s Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.850, Rules of the Florida 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, if applicable, which is dated, September 25, 2022, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title

Section 10.854(1)(e)5. Rules of the Florida Auditor General, requires the name or official title of the entity be disclosed in this management letter. The official title of the entity is Florida High School for Accelerated Learning- West Palm Beach Campus, Inc., d/b/a Quantum High School. The School code is 3401.

Financial Condition and Management

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

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

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

Transparency

Sections 10.854(1)(e)7. and 10.855(13), Rules of the Florida 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 Florida Auditor General, requires that we 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 our audit, we did not note any such findings.

Purpose of this Letter

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

McCrary & Associates, PLLC

Altamonte Springs, Florida
September 25, 2022

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Members of American Institute of Certified Public Accountants and Florida Institute of Certified Public Accountants