

THE PASSPORT SCHOOL, INC.

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

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

June 30, 2022



McCRADY & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

CONTENTS

	<u>Page</u>
Management’s Discussion and Analysis	1 – 6
Independent Auditor’s Report on Basic Financial Statements and Supplementary Information	7 – 9
Basic Financial Statements:	
Statement of Net Position	10
Statement of Activities	11
Balance Sheet – Governmental Funds	12
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	13
Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds	14
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	15
Notes to Financial Statements	16 – 27
Required Supplementary Information:	
Budgetary Comparison Schedule – General Fund	28
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 <i>Government Auditing Standards</i>	29 – 30
Additional Information Required by Rules of the Florida Auditor General, Chapter 10.850, <i>Audits of Charter Schools and Similar Entities:</i>	
Management Letter	31 – 33

THE PASSPORT SCHOOL, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS

Management of The Passport School Inc. (the "School") offers the following narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2022. Readers are encouraged to use this information in conjunction with information furnished in the School's financial statements. This summary should not be taken as a replacement for the audit, which consists of the basic financial statements and other supplemental information.

FINANCIAL HIGHLIGHTS

- ❖ The School ended fiscal year 2022 with a net position of \$2,384,643 an increase of approximately \$370,000.
- ❖ For the fiscal year ended June 30, 2022, the School's total governmental fund balance increased to approximately \$1,567,000 an increase of approximately \$178,000

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 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 the School.

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 services the School charges for 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 available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting*. This method 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 government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The School adopts 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 schedule 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.

Other Reports to Financial Statements

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 Auditor General, Chapter 10.850, *Audits of Charter Schools and Similar Entities*.

BALANCE SHEET - GOVERNMENT SCHOOL

Fund Balance

The School's combined fund balance as of June 30, 2022 and 2021 are summarized as follows:

	<u>Governmental Activities</u>		Increase (Decrease)
	<u>2022</u>	<u>2021</u>	
Current and other assets	\$ 1,672,229	\$ 1,457,724	\$ 214,505
Total Assets	<u>1,672,229</u>	<u>1,457,724</u>	<u>214,505</u>
Current and other liabilities	105,666	69,666	36,000
Total Liabilities	<u>105,666</u>	<u>69,666</u>	<u>36,000</u>
Fund Balance:			
Non-spendable	941	2,206	(1,265)
Spendable	1,565,622	1,385,852	179,770
Total Fund Balance	<u>\$ 1,566,563</u>	<u>\$ 1,388,058</u>	<u>\$ 178,505</u>

Current and other assets increased due to an increase in cash balances due to current year grants. The increase in total fund balance is due to the current year operations.

Change in Fund Balance

The School's total revenues exceeded total expenditures by approximately \$149,000 in fiscal 2022—see table below.

	<u>2022</u>	<u>2021</u>	<u>Increase (Decrease)</u>
Revenues:			
Federal sources	\$ 333,364	\$ 166,361	\$ 167,003
State and local sources	1,552,052	1,514,979	37,073
Contributions and other revenues	67,682	39,248	28,434
Total revenues	<u>1,953,098</u>	<u>1,720,588</u>	<u>232,510</u>
Expenses:			
Instruction	852,646	659,769	192,877
Exceptional education	19,805	18,390	1,415
Instructional support services	153,359	303,889	(150,530)
Instructional staff training	15,130	23,020	(7,890)
Instructional technology	10,956	6,108	4,848
Board	60,768	13,898	46,870
General administration	81,103	81,626	(523)
School administration	306,761	275,369	31,392
Central services	20,417	7,726	12,691
Fiscal services	11,516	8,508	3,008
Food services	932	915	17
Pupil transportation services	3,175	2,506	669
Operation of plant	54,215	50,916	3,299
Maintenance of plant	94,200	107,925	(13,725)
Community service	-	800	(800)
Principal	47,232	45,453	1,779
Interest	35,441	39,217	(3,776)
Capital outlay	6,937	19,714	(12,777)
Total expenses	<u>1,774,593</u>	<u>1,665,749</u>	<u>108,844</u>
Change in fund balance	<u>\$ 178,505</u>	<u>\$ 54,839</u>	<u>\$ 123,666</u>

The increase in Federal sources is due ESSER grant received by the School. The change in state and local sources funding is due to a slight increase student population. The increase in contributions and other revenue is due to the extended day fees increasing. The increase in instructional and decrease in instructional support services expenses is due reallocation of expenditures in the current year along with an increase in salaries.

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

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

As the School completed the year, its governmental funds reported a combined fund balance of \$1,566,563.

General Fund Budgetary Highlights

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

In the general fund, actual revenues exceeded budgeted amounts by approximately \$102,000. Actual expenditures were less than budgeted expenditures by approximately \$43,525, exclusive of other financing sources (uses).

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2022, the School had invested approximately \$1,710,000 in capital assets, net of accumulated depreciation of approximately \$965,000.

	Governmental Activities		Increase (Decreases)
	2022	2021	
Land	\$ 926,895	\$ 926,895	\$ -
Building and improvements	1,293,185	1,293,185	-
Furniture, fixtures and equipment	454,791	447,854	6,937
Total capital assets	2,674,871	2,667,934	6,937
Less – accumulated depreciation	(964,726)	(912,604)	(52,122)
Capital assets, net	\$ 1,710,145	\$ 1,755,330	\$ (45,185)

There were capital asset additions in equipment for approximately \$7,000 in the current year.

More detailed information about the School's capital assets is presented in Note 3 to the financial statements.

Long-Term Debt

As of June 30, 2022, the School has \$892,065 in a note payable outstanding. Long-term debt decreased approximately \$47,000 from the prior year due to principal payments. The Payroll Protection Program (PPP) loan of approximately \$190,000 was forgiven July 28, 2021. For more detailed information about the School's long-term liability, see Note 4 in the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Budget Highlights for the Fiscal Year Ended June 30, 2023

Amounts available for appropriation in the general fund are approximately \$1.399 million, an approximate decrease of \$100,000 over the actual 2022 amount, which is primarily a result of a conservative approach to the preliminary budgeted revenue.

Budgeted expenditures are expected to be approximately \$1.39 million, this is an increase of \$18,000 over the actual 2022 amount. If these estimates are realized, the School's general fund balance is expected to remain relatively consistent at the close 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 the School's administrative offices at 5221 Curry Ford Road, Orlando, Florida 32812.



Independent Auditor's Report on Basic Financial Statements and Supplementary Information

To the Board of Directors of The Passport School, Inc.,
a Charter School and Component Unit of the District
School Board of Orange 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 Passport School, Inc. (the "School") a Charter School and Component Unit of the District School Board of Orange County, 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 of The Passport School, Inc., a Charter School and Component Unit of the District School Board of Orange 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.

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 28, 2022, 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 24, 2022

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THE PASSPORT SCHOOL, INC.

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

Statement of Net Position

June 30, 2022

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 1,609,795
Due from other agencies	61,493
Other assets	941
Capital assets:	
Land	926,895
Buildings and improvements	1,293,185
Furniture, fixtures and equipment	454,791
Less accumulated depreciation	<u>(964,726)</u>
Total capital assets, net	<u>1,710,145</u>
Total assets	<u><u>\$ 3,382,374</u></u>
LIABILITIES	
Accounts payable and accrued expenses	\$ 105,666
Long-term debt:	
Portion due or payable within one year:	
Note payable	49,694
Portion due or payable after one year:	
Note payable	<u>842,371</u>
Total liabilities	<u>997,731</u>
NET POSITION	
Invested in capital assets, net of related debt	818,080
Unrestricted	<u>1,566,563</u>
Total net position	<u><u>\$ 2,384,643</u></u>

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

THE PASSPORT SCHOOL, INC.

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

Statement of Activities

For the Year Ended June 30, 2022

	Program Specific Revenues				Net (Expenses) Revenues and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total
Governmental Activities:						
Instruction	\$ 860,304	\$ -	\$ 196,116	\$ -	\$ (664,188)	\$ (664,188)
Exceptional education	19,805	-	-	-	(19,805)	(19,805)
Instructional support services	153,359	-	116,823	-	(36,536)	(36,536)
Instructional staff training	15,130	-	-	-	(15,130)	(15,130)
Instructional technology	10,956	-	-	-	(10,956)	(10,956)
Board	60,768	-	-	-	(60,768)	(60,768)
General administration	81,103	-	-	-	(81,103)	(81,103)
School administration	305,540	-	3,967	-	(301,573)	(301,573)
Facilities acquisition and construction	32,048	-	-	-	(32,048)	(32,048)
Central services	11,516	-	-	-	(11,516)	(11,516)
Fiscal services	932	-	-	-	(932)	(932)
Food services	20,417	-	222	-	(20,195)	(20,195)
Pupil transportation services	3,176	-	-	-	(3,176)	(3,176)
Operation of plant	59,928	-	6,327	29,076	(24,525)	(24,525)
Maintenance of plant	100,701	-	9,739	-	(90,962)	(90,962)
Community services	1,422	-	-	-	(1,422)	(1,422)
Interest	35,441	-	-	-	(35,441)	(35,441)
Total primary government	\$ 1,772,546	\$ -	\$ 333,194	\$ 29,076	\$ (1,410,276)	\$ (1,410,276)
General revenues:						
State and local sources					\$ 1,522,976	\$ 1,522,976
Contributions and other revenues					67,852	67,852
Gain on the extinguishment of debt					189,668	189,668
Total general revenues					1,780,496	1,780,496
Changes in net position					370,220	370,220
Net position at beginning of year					2,014,423	2,014,423
Net position at end of year					\$ 2,384,643	\$ 2,384,643

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

THE PASSPORT SCHOOL, INC.

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

Balance Sheet - Governmental Funds

June 30, 2022

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 1,609,795	\$ -	\$ 1,609,795
Due from other agencies	-	61,493	61,493
Other assets	941	-	941
Due from other governmental funds	61,493	-	61,493
Total assets	<u>\$ 1,672,229</u>	<u>\$ 61,493</u>	<u>\$ 1,733,722</u>
LIABILITIES			
Accounts payable and accrued expenses	\$ 105,666	\$ -	\$ 105,666
Due to the general fund	-	61,493	61,493
Total liabilities	<u>105,666</u>	<u>61,493</u>	<u>167,159</u>
FUND BALANCE			
Nonspendable:			
Prepaid expense	41	-	41
Deposit	900	-	900
Spendable:			
Unassigned	1,565,622	-	1,565,622
Total fund balances	<u>1,566,563</u>	<u>-</u>	<u>1,566,563</u>
Total liabilities and fund balance	<u>\$ 1,672,229</u>	<u>\$ 61,493</u>	<u>\$ 1,733,722</u>

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

THE PASSPORT SCHOOL, INC.

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

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

June 30, 2022

Total fund balances - governmental funds \$ 1,566,563

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

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

Capital assets	2,674,871
Accumulated depreciation	(964,726)

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 the end of the period consist of:

Notes payable	<u>(892,065)</u>
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Total net position - governmental activities \$ 2,384,643

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

THE PASSPORT SCHOOL, INC.

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

**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 Fund	Total Governmental Funds
REVENUES				
Federal sources passed through local school district	\$ -	\$ -	\$ 333,194	\$ 333,194
State and local sources	1,433,366	118,686	-	1,552,052
Contributions and other revenues	67,852	-	-	67,852
Total revenues	<u>1,501,218</u>	<u>118,686</u>	<u>333,194</u>	<u>1,953,098</u>
EXPENDITURES				
Current:				
Instruction	656,512	-	196,116	852,628
Exceptional education	19,805	-	-	19,805
Instructional support services	36,536	-	116,823	153,359
Instructional staff training	15,130	-	-	15,130
Instructional technology	10,956	-	-	10,956
Board	60,768	-	-	60,768
General administration	81,103	-	-	81,103
School administration	301,389	-	3,967	305,356
Central service	20,195	-	-	20,195
Fiscal services	11,516	-	-	11,516
Food services	932	-	222	1,154
Pupil transportation services	3,176	-	-	3,176
Operation of plant	18,812	29,076	6,327	54,215
Maintenance of plant	84,461	-	9,739	94,200
Community services	1,422	-	-	1,422
Debt services:				
Principal	-	-	47,232	47,232
Interest	-	-	35,441	35,441
Capital outlay	-	6,937	-	6,937
Total expenditures	<u>1,322,713</u>	<u>36,013</u>	<u>415,867</u>	<u>1,774,593</u>
Excess (deficiency) of revenues over expenditures	<u>178,505</u>	<u>82,673</u>	<u>(82,673)</u>	<u>178,505</u>
OTHER FINANCING SOURCES (USES)				
Operating transfer in	-	-	82,673	82,673
Operating transfer out	-	(82,673)	-	(82,673)
Total other financing sources	<u>-</u>	<u>(82,673)</u>	<u>82,673</u>	<u>-</u>
Net changes in fund balances	178,505	-	-	178,505
Fund balance at beginning of year	1,388,058	-	-	1,388,058
Fund balances at end of year	<u>\$ 1,566,563</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,566,563</u>

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

THE PASSPORT SCHOOL, INC.

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

**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 \$ 178,505

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 amounts incurred in the current period:

Capital outlay	6,937
Depreciation expense	(52,122)

Extinguishment of long-term debt is recorded as other income on the Statement of Activities, but recorded as an other financial source in the governmental funds in the fiscal year awarded. This amount represents the extinguishment of long-term liabilities in the current period.

189,668

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

47,232

Change in net position of governmental activities

\$ 370,220

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

THE PASSPORT SCHOOL, INC.

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

Notes to Financial Statements

For the Year Ended June 30, 2022

1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Passport School, Inc. (the "School") is a not-for-profit corporation organized pursuant to chapter 617, Florida Statutes, the Florida Not For Profit Corporation Act. The governing body of the School is the not-for-profit corporation Board of Directors, which is composed of seven members.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter of a sponsor, the District School Board of Orange County Florida, (the "School District") is the sponsor. The School is considered a component unit of the School District and meets the definition of a governmental entity under the Governmental Accounting Standards Board ("GASB").

Charter Contract

The School operates under a charter granted by The School Board of Orange County. The current charter expires on June 30, 2030 by mutual written agreement. However, the School Board may terminate the current charter at any time if good cause is shown. In the event of termination of the charter, any property purchased by the School with public funds and any unencumbered public funds revert back to the School District.

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 a governmental organization for financial statement reporting purposes. The School is required by its agreement with the School District 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 FDOE.

Government-Wide Financial Statements

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

THE PASSPORT SCHOOL, INC.

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

Notes to Financial Statements (continued)

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

Program revenues include charges paid by the recipient of goods and services offered by the program and grants and contributions restricted for meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general 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 individual governmental funds reported in the fund financial statements:

- General Fund – is the School's primary operating fund accounting for all financial resources of the school, except those 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 the proceeds of specific revenue sources that restricted or committed to expenditures for a specific purpose including all federal grant revenues passed through the School District.
- Debt Service Fund – to account for the accumulation of resources for, and payment of general long-term debt principal, interest and related cost.

For the purpose of these statements, the general, capital projects and debt service funds are considered major funds. The special revenue fund is a non-major fund and is reported as other governmental funds.

Basis of Accounting

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

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

THE PASSPORT SCHOOL, INC.

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

**Notes to Financial Statements
(continued)**

Governmental fund financial statements are reported using the modified accrual basis of accounting. Under this method, revenues, except for certain grant revenues, are recognized when they become measurable and available. Revenues are considered to be available when they are collectable within a current period. The School considers revenues to be available if they are collected within 60 days 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 of general long-term debt and acquisition of capital leases are reported as other financing sources.

Budgetary Basis Accounting

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

Cash and Cash Equivalents

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

Under current regulations, all deposit accounts at a single credit union are insured up to \$250,000. The School currently has deposit accounts at one credit union. Approximately \$1.1 million of these deposits are uninsured by the National Credit Union Share Insurance Fund. The school does not expect any losses with these accounts.

Interfund Transfers

For the year ended June 30, 2022 the capital projects fund transferred approximately \$112,000 to the debt service fund for current year principal and interest payment.

THE PASSPORT SCHOOL, INC.

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

**Notes to Financial Statements
(continued)**

Capital Assets and Depreciation

The School's capital assets with useful lives of more than one year are stated at historical costs 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 of donated. The School capitalizes assets with a cost of \$750 or more. Expenditures of normal maintenance and repair that do not add to the assets value or extend the useful live are not capitalized. Depreciation is computed using the straight-line method. Estimated useful lives of the assets are as follows:

	<u>Years</u>
Buildings and improvements	40
Furniture, fixtures, and equipment	3 – 5

Information related to the change in capital assets is described in Note 3.

Long-term debt

Long-term obligations that will be financed by resources to be received in the future by the General Fund are reported in the government-wide financial statements, not in the General Fund. Changes in long-term debt for the current year are reported in Note 4.

Net Position and Fund Balance Classifications

Government-wide financial statements

The net position is classified and reported in three components:

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

THE PASSPORT SCHOOL, INC.

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

**Notes to Financial Statements
(continued)**

Fund financial statements

GASB Codification Section 1800.142, *Fund Balance Reporting and Governmental Fund Type Definitions*, defines the different types of fund balances 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 non spendable fund balances at year end relate to assets that are in non spendable 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 special revenue fund 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 non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year. First nonspendable fund balances are determined. Then restricted fund balances for specific purposes are determined (not including nonspendable amounts). Then any remaining fund balance amounts for the non-general funds are 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 non-spendable amounts plus the restricted fund balances for specific purposes amounts exceed the positive fund balance for the non-general fund.

THE PASSPORT SCHOOL, INC.

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

**Notes to Financial Statements
(continued)**

Revenue Sources

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

Under provisions of Section 1011.62, Florida Statutes, the District reports the number of FTE students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program (FEFP). Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under 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 reduction 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, 179.40 unweighted FTE.

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.

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 PASSPORT SCHOOL, INC.

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

**Notes to Financial Statements
(continued)**

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 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 did not result in any adjustments to the prior year's financial statements as the School is not currently engaged in leasing activities.

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 PASSPORT SCHOOL, INC.

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

**Notes to Financial Statements
(continued)**

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, investments, accounts receivable, accounts payable, short term borrowings, long-term debt and other short term assets and liabilities. For these financial instruments (level 1), carrying values approximate fair value because of the short maturity of these instruments.

THE PASSPORT SCHOOL, INC.

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

**Notes to Financial Statements
(continued)**

3 CAPITAL ASSETS

Capital assets as of June 30, 2022 were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities: Capital assets not being depreciated:				
Land	\$ 926,895	\$ -	\$ -	\$ 926,895
Total capital assets not being depreciated at historical costs	<u>926,895</u>	<u>-</u>	<u>-</u>	<u>926,895</u>
Capital assets being depreciated:				
Building and improvements	1,293,185	-	-	1,293,185
Furniture, fixtures and equipment	447,854	6,937	-	454,791
Total capital assets	<u>1,741,039</u>	<u>6,937</u>	<u>-</u>	<u>1,747,976</u>
Less accumulated depreciation:				
Building and improvements	(532,023)	(32,049)	-	(564,072)
Furniture, fixtures and equipment	(380,581)	(20,073)	-	(400,654)
Total accumulated depreciation	<u>(912,604)</u>	<u>(52,122)</u>	<u>-</u>	<u>(964,726)</u>
Governmental activities capital assets, net	<u>\$ 1,755,330</u>	<u>\$ (45,185)</u>	<u>\$ -</u>	<u>\$ 1,710,145</u>
Depreciation expense:				
Instruction		\$ 7,676		
School administration		185		
Facilities and acquisition		32,049		
Operation of plant		5,713		
Maintenance of plant		<u>6,499</u>		
Total governmental depreciation expense		<u>\$ 52,122</u>		

THE PASSPORT SCHOOL, INC.

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

**Notes to Financial Statements
(continued)**

4 LONG-TERM DEBT

In June 2016, the School entered into a loan agreement for a mortgage with Fairwinds Credit Union, as lender, in the amount of \$1,500,000.

The terms of the loan specify principal and interest payments of \$6,875 due monthly with an interest rate of 3.52%. A final balloon payment of \$678,925 is due on June 2026. The note is secured by The School facility.

\$ 892,065

Activity during the current fiscal year was as follows:

Balance outstanding at the beginning of year	\$ 1,128,964
Forgiveness of PPP Debt*	(189,667)
Reductions – Debt Principal Payment	(47,232)
Balance outstanding at the end of year	\$ <u>892,065</u>

*Also, in April 2020, the School entered into a note payable with Fairwinds Credit Union, as lender, in the amount of \$187,500 plus interest. The School received this loan pursuant to the Paycheck Protection Program under the Coronavirus Aid, Relief, and Economic Security Act (CARES) which is funded by Small Business Administration. The School used all the proceeds for eligible expenses and, therefore, the loan was forgiven in July 2021.

Future debt service requirements related to the long-term liability are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ended June 30,			
2023	49,694	32,808	82,502
2024	51,610	30,892	82,502
2025	53,600	28,902	82,502
2026	737,161	26,833	763,994
	\$ <u>892,065</u>	\$ <u>119,436</u>	\$ <u>1,011,500</u>

Interest paid during the year ended June 30, 2022 totaled approximately \$35,000.

THE PASSPORT SCHOOL, INC.

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

**Notes to Financial Statements
(continued)**

5 SCHEDULE OF STATE AND LOCAL REVENUE SOURCES

District School Board of Orange County, Florida:

Florida Education Finance Program	\$ 848,591
Class size reduction	182,760
Special millage	140,892
Capital Outlay	118,686
Discretionary millage funds	100,322
Supplemental academic instruction	41,541
ESE guaranteed allocation	38,712
Teacher Salary Increase Allocation	33,105
Instructional materials	14,118
Safe schools	10,873
Reading Allocation	7,411
Mental health assistance allocation	6,995
Teacher Supply Assistance	3,300
Compression adjustment	4,442
Funds compression adjustment	177
Digital classroom allocation	127
Total	<u>\$ 1,552,052</u>

The administrative fee paid to the School Board during the year ended June 30, 2022 totaled approximately \$72,000, 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.

6 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.

THE PASSPORT SCHOOL, INC.

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

**Notes to Financial Statements
(continued)**

7 COMMITMENTS AND CONTINGENT LIABILITIES

Grants

The School participates in state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Cost charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent 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 of the School 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. Management believes the ultimate resolution of such legal matters will not have a significant adverse effect on the accompanying financial statements.

8 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 past three tax years are subject to examination by tax authorities, and may change upon examination.

9 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 24, 2022, which is the date the financial statements were available to be issued.

THE PASSPORT SCHOOL, INC.

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

Required Supplementary Information

Budget Comparison Schedule - General Fund

For the Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
State and local sources	\$ 1,327,012	\$ 1,327,012	\$ 1,433,366	\$ 106,354
Contributions and other revenue	72,150	72,150	67,852	(4,298)
Total revenues	1,399,162	1,399,162	1,501,218	102,056
EXPENDITURES				
Current:				
Instruction	639,262	639,262	656,512	17,250
Exceptional education	12,800	12,800	19,805	7,005
Instructional support services	104,311	104,311	36,536	(67,775)
Instructional staff training	43,197	43,197	15,130	(28,067)
Instructional technology	31,280	31,280	10,956	(20,324)
Board	17,000	17,000	60,768	43,768
General administration	80,434	80,434	81,103	669
School administration	265,631	265,631	301,389	35,758
Fiscal services	15,000	15,000	11,516	(3,484)
Food service	11,000	11,000	932	(10,068)
Central services	7,500	7,500	20,195	12,695
Pupil transportation services	5,000	5,000	3,176	(1,824)
Operation of plant	84,200	84,200	18,812	(65,388)
Maintenance of plant	78,000	78,000	84,461	6,461
Community service	1,500	1,500	1,422	(78)
Total expenditures	1,396,115	1,396,115	1,322,713	(73,402)
Net changes in fund balances	3,047	3,047	178,505	175,458
Fund balances, beginning of year	1,388,058	1,388,058	1,388,058	-
Fund balances, end of year	<u>\$ 1,391,105</u>	<u>\$ 1,391,105</u>	<u>\$ 1,566,563</u>	<u>\$ 175,458</u>

See independent auditor's report.



McCRAZY & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

**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 The Passport School, Inc.,
a Charter School and Component Unit of the District
School Board of Orange 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 the aggregate remaining fund for The Passport School, Inc., a Charter School and Component Unit of the District School Board of Orange 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 24, 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.

McCrary & Associates, PLLC

Altamonte Springs, Florida
September 24, 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 The Passport School, Inc.,
a Charter School and Component Unit of the District
School Board of Orange County, Florida

Report on the Financial Statements

We have audited the financial statements of The Passport School, Inc. (the "School") as of and for the fiscal year ended June 30, 2022, and have issued our report thereon dated September 24, 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 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 24, 2022, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title

Section 10.854(1)(e)5. Rules of the Auditor General, requires the name or official title of the entity be disclosed in this management letter. The official title of the entity is The Passport School, Inc. The School code is 0053.

Financial Condition and Management

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

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

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

Transparency

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

Additional Matters

Section 10.854(1)(e)4., Rules of the Auditor General, requires 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 Orange 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 24, 2022

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