

**COMMUNITY AND ECONOMIC DEVELOPMENT
ORANIZATION OF GADSDEN COUNTY, INC.,
D/B/A CROSSROAD ACADEMY CHARTER SCHOOL
(A COMPONENT UNIT OF GADSDEN COUNTY
SCHOOL DISTRICT)**

FINANCIAL STATEMENTS

JUNE 30, 2023

**COMMUNITY AND ECONOMIC DEVELOPMENT
ORANIZATION OF GADSDEN COUNTY, INC.,
D/B/A CROSSROAD ACADEMY CHARTER SCHOOL
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JUNE 30, 2023**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors,
Community and Economic Development
Organization of Gadsden County, Inc.,
d/b/a Crossroad Academy Charter School:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Community and Economic Development Organization of Gadsden County, Inc., D/B/A Crossroad Academy Charter School (the "School") (a component unit of the Gadsden County School District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School as of June 30, 2023, 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 (GAAS) and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' 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

The School's 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 School's ability to continue as a going concern for twelve months after the date of the financial statements including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

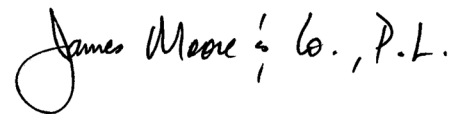
Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School's basic financial statements. The Schedule of Expenditures of Federal Awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2024, on our consideration of the School's internal control over financial reporting and 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.

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style with a large, looped initial 'J'.

Tallahassee, Florida
January 31, 2024

**COMMUNITY AND ECONOMIC DEVELOPMENT
ORANIZATION OF GADSDEN COUNTY, INC.,
D/B/A CROSSROAD ACADEMY CHARTER SCHOOL
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2023**

This discussion and analysis (MD&A) of the Community and Economic Development Organization of Gadsden County, Inc., D/B/A Crossroad Academy Charter School's (the "School") financial condition provides an overview of financial activity, identifies changes in financial position and assists the reader in focusing on significant financial issues. The primary purpose of the School is to provide an educational program for approximately 560 students. It is important to the long-term existence of the School to maintain its financial health. Net position is accumulated only to the extent required to ensure that there are sufficient reserve funds for future operations and for new capital needs.

The MD&A provides summary level financial information; therefore, it should be read in conjunction with the accompanying financial statements.

SIGNIFICANT ACTIVITIES DURING FISCAL YEAR 2022-2023 ARE NOTED BELOW:

- The School's enrollment was 560 students.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

The financial statements presented herein include all of the activities of the School using the integrated approach as prescribed by GASB.

The government-wide financial statements present the financial picture of the School from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities. These statements include all assets of the School as well as all liabilities. Additionally, certain eliminations have occurred as prescribed by the statement in regards to interfund activity, payables and receivables.

The fund financial statements include statements for the governmental activities. The governmental funds are prepared using the current financial resources measurement focus and modified accrual basis of accounting.

Reconciliations of the fund financial statements to the government-wide financial statements are provided to explain the differences created by the integrated approach.

The Primary unit of the government is the School Board of Gadsden County, Florida.

An overview of significant financial information from the current year includes:

- The School's net position was \$10,354,203 at June 30, 2023.
- Total governmental fund revenues exceeded expenses and other financing uses by \$102,702.
- Capital assets, net of depreciation, equaled \$5,233,222.
- The School's governmental funds reported combined ending fund balances of \$6,514,960.

**COMMUNITY AND ECONOMIC DEVELOPMENT
ORANIZATION OF GADSDEN COUNTY, INC.,
D/B/A CROSSROAD ACADEMY CHARTER SCHOOL
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2023
(Continued)**

REPORTING THE SCHOOL AS A WHOLE

The Statement of Net Position and the Statement of Activities

The *Statement of Net Position* and the *Statement of Activities* report information about the School as a whole and about its activities. These statements include *all* assets and liabilities of the School using the accrual basis accounting, which is similar to the accounting used by most private-sector companies. All of the current year revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the School’s *net position* and changes in them. Net position is the difference between assets and liabilities and is one way to measure the School’s financial health, or *financial position*. Over time, *increases or decreases* in the School’s net position are one indicator of whether its financial health is improving or deteriorating. Other factors to consider are changes in the School’s revenue base and the condition of the School’s capital assets.

The relationship between revenues and expenses is the School’s operating results. Since the Board’s responsibility is to provide services to our students and not to generate profit as commercial entities do, one must consider other factors when evaluating the overall health of the School. The quality of the education and the safety of our schools will likely be an important component in this evaluation.

Net Position

The School’s net position was \$10,354,203 for the fiscal year ended June 30, 2023. Of this amount, \$6,488,515 was unrestricted. Restricted net position is reported separately to show legal constraints from debt covenants, grantors, constitutional provisions and enabling legislation that limit the School’s ability to use the net position for day-to-day operations. Our analysis below, in summary form, focuses on the net position and change in net position of the School’s governmental activities.

	June 30, 2023	June 30, 2022
Current and other assets	\$ 7,086,722	\$ 7,219,593
Capital assets	5,233,222	4,480,449
Total assets	12,319,944	11,700,042
Current liabilities	661,512	893,426
Long-term liabilities	1,304,229	1,405,120
Total Liabilities	1,965,741	2,298,546
Net position		
Net investment in capital assets	3,865,688	3,026,824
Unrestricted	6,488,515	6,374,672
Total Net Position, as restated	\$ 10,354,203	\$ 9,401,496

**COMMUNITY AND ECONOMIC DEVELOPMENT
ORANIZATION OF GADSDEN COUNTY, INC.,
D/B/A CROSSROAD ACADEMY CHARTER SCHOOL
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2023
(Continued)**

Changes in Net Position

The results of this year’s operations for the School as a whole are reported in the Statement of Activities on page 10. The table below takes the information from the Statement and rearranges it slightly to more readily identify the total revenues for the year.

	June 30, 2023	June 30, 2022
Revenues		
Florida education finance program	\$ 3,867,997	\$ 3,838,636
Federal through state	1,662,798	1,549,802
Other state revenue	26,829	19,634
Other local revenue	197,118	41,123
Charges for services	241,648	217,458
Interest	113,648	2,315
Total Revenues	<u>6,110,038</u>	<u>5,668,968</u>
Expenses		
Instructional services	2,907,892	2,144,371
Instructional support services	578,001	605,883
Board	208,200	211,700
School administration	671,958	580,599
Fiscal services	11,935	2,259
Food services	100,044	62,968
Central services	2,771	11,423
Transportation	1,000	-
Operation of plant	236,887	231,083
Maintenance on plant	363,594	380,106
Facility acquisition	5,148	3,467
Interest	69,901	65,289
Total expenses	<u>5,157,331</u>	<u>4,299,148</u>
Change in Net Position	<u>\$ 952,707</u>	<u>\$ 1,369,820</u>

Increase in net position primarily a result of additional COVID-19 relief funds provided to the School.

**COMMUNITY AND ECONOMIC DEVELOPMENT
 ORGANIZATION OF GADSDEN COUNTY, INC.,
 D/B/A CROSSROAD ACADEMY CHARTER SCHOOL
 MANAGEMENT DISCUSSION AND ANALYSIS
 JUNE 30, 2023
 (Continued)**

Governmental Activities

All of the School’s services are reported in this category. This includes the education of kindergarten through eighth grade students, and the on-going effort to improve and maintain capital assets. Revenues received from the Florida Education Finance Program through the Gadsden County Public School system, Federal grants and miscellaneous local revenues finance these activities.

REPORTING THE SCHOOL’S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds – not the School as a whole. Some funds are required to be established by State law. However, management may establish various funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other monies that it receives.

Governmental funds—The School’s basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using the modified accrual accounting method, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School’s general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the School’s programs. The differences between the governmental fund financial statements and the government-wide financial statements are explained in reconciliations following each governmental fund financial statement.

THE SCHOOL’S FUNDS

For the year ended June 30, 2023, the governmental funds reported a combined fund balance of \$6,514,960.

	Fund Balance <u>June 30, 2023</u>
General Fund	\$ 6,514,960
Total	<u>\$ 6,514,960</u>

The general fund is the chief operating fund of Crossroad Academy Charter School. At the end of the current fiscal year, unassigned fund surplus of the general fund was \$6,465,782. The total general fund balance increased by \$102,702 during the current fiscal year.

**COMMUNITY AND ECONOMIC DEVELOPMENT
 ORGANIZATION OF GADSDEN COUNTY, INC.,
 D/B/A CROSSROAD ACADEMY CHARTER SCHOOL
 MANAGEMENT DISCUSSION AND ANALYSIS
 JUNE 30, 2023
 (Continued)**

General Fund Budgetary Highlights

During the course of the fiscal year, the School revises its General Fund Budget in order to deal with unexpected changes in revenue and expenditures. The Governing Board adopts its initial budget based on projected enrollment and the corresponding projected revenues. Amendments are primarily required to reflect changes in revenue estimates from the State of Florida Education Finance Program (FEFP) as actual enrollments are determined. A schedule showing the School’s original and final General Fund budget amounts compared with actual amounts paid and received is provided in the required supplementation information. No amendments to budget noted the current fiscal year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets and Debt

Information on the School’s debt can be found in Note (10), see table of contents for notes to the financials.

At June 30, 2023, the School had \$3,624,290 invested in depreciable capital assets (net of depreciation), including furniture, equipment and building improvements.

	<u>Governmental Activities June 30, 2023</u>
Capital assets, being depreciated	
Audio and visual equipment	\$ 151,138
Building improvements	4,736,173
Computer equipment	585,156
Furniture	112,609
Vehicles	55,497
Accumulated Depreciation	<u>(2,016,283)</u>
Totals	<u><u>\$ 3,624,290</u></u>

ECONOMIC FACTORS

The economic position of the school for general operating is closely tied to that of the State. The formula for determining funding for education is set by Statute. State funds to charter schools are provided primarily by legislative appropriations from the State’s general revenue funds under the Florida Education Finance Program (FEFP), and the State funding for operations is primarily from sales, gasoline, and corporate income taxes. Additionally, the level of tourism in the State heavily influences the amount of taxes collected. Significant changes in State revenue collections could directly impact future School revenue allocations.

CONTACTING THE SCHOOL’S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, parents and creditors with a general overview of the School’s finances, and to demonstrate the School’s accountability for the money it receives. If readers have any questions about this report or need additional financial information, contact the Principal, at the School, 470 Strong Road, Quincy, Florida 32351.

**COMMUNITY AND ECONOMIC DEVELOPMENT
 ORGANIZATION OF GADSDEN COUNTY, INC.,
 D/B/A CROSSROAD ACADEMY CHARTER SCHOOL
 STATEMENT OF NET POSITION
 JUNE 30, 2023**

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 5,878,063
Certificate of deposit	266,893
Due from other agencies	892,588
Prepaid items	49,178
Capital assets, not being depreciated	1,608,932
Capital assets, being depreciated, net	3,624,290
Total Assets	\$ 12,319,944
Liabilities	
Accounts payable and accrued expenses	\$ 538,641
Accrued interest	33,121
Noncurrent liabilities:	
Due within one year	89,750
Due within more than one year	1,304,229
Total Liabilities	\$ 1,965,741
Net Position	
Net investment in Capital Assets	\$ 3,865,688
Unrestricted	6,488,515
Total Net Position	\$ 10,354,203

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

**COMMUNITY AND ECONOMIC DEVELOPMENT
ORGANIZATION OF GADSDEN COUNTY, INC.,
D/B/A CROSSROAD ACADEMY CHARTER SCHOOL
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expenses) Revenues and Changes in Net Position</u>
		<u>Charges For Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental Activities					
Instructional services	\$ 2,907,892	\$ 368,983	\$ 1,387,965	\$ -	\$ (1,150,944)
Instructional support services	578,001	-	-	-	(578,001)
Board	208,200	-	-	-	(208,200)
School administration	671,958	-	-	-	(671,958)
Fiscal services	11,935	-	-	-	(11,935)
Food services	100,044	-	-	-	(100,044)
Central services	2,771	-	-	-	(2,771)
Transportation	1,000	-	-	-	(1,000)
Operation of plant	236,887	-	-	-	(236,887)
Maintenance on plant	363,594	-	-	344,616	(18,978)
Facilities acquisition	5,148	-	-	-	(5,148)
Interest	69,901	-	-	-	(69,901)
Total Governmental Activities	<u>\$ 5,157,331</u>	<u>\$ 368,983</u>	<u>\$ 1,387,965</u>	<u>\$ 344,616</u>	<u>(3,055,767)</u>

General revenues:	
Gasden County School District	3,867,997
Other state revenue	26,829
Interest	113,648
Total General Revenues	<u>4,008,474</u>
Change in Net Position	952,707
Net Position - Beginning of year, as restated	9,401,496
Net Position - Ending of year	<u>\$ 10,354,203</u>

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

**COMMUNITY AND ECONOMIC DEVELOPMENT
ORGANIZATION OF GADSDEN COUNTY, INC.,
D/B/A CROSSROAD ACADEMY CHARTER SCHOOL
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2023**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Special Revenue Fund</u>	<u>Other Governmental Fund</u>	<u>Total Governmental Funds</u>
Assets					
Current Assets					
Cash and cash equivalents	\$ 5,860,843	\$ -	\$ -	\$ 17,220	\$ 5,878,063
Certificate of deposit	266,893	-	-	-	266,893
Due from other agencies	892,588	-	-	-	892,588
Due from other funds	17,220	-	-	-	17,220
Prepaid items	49,178	-	-	-	49,178
Total Assets	<u><u>\$ 7,086,722</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 17,220</u></u>	<u><u>\$ 7,103,942</u></u>
Liabilities and Fund Balances					
Current Liabilities					
Accounts payable and accrued expense	\$ 538,641	\$ -	\$ -	\$ -	\$ 538,641
Accrued interest	33,121	-	-	-	33,121
Due to other funds	-	-	-	17,220	17,220
Total Liabilities	<u><u>571,762</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>17,220</u></u>	<u><u>588,982</u></u>
Fund Balances					
Nonspendable for prepaid items	49,178	-	-	-	49,178
Unrestricted	6,465,782	-	-	-	6,465,782
Total Fund Balances	<u><u>6,514,960</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>6,514,960</u></u>
Total Liabilities and Fund Balances	<u><u>\$ 7,086,722</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 17,220</u></u>	<u><u>\$ 7,103,942</u></u>

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

**COMMUNITY AND ECONOMIC DEVELOPMENT
 ORGANIZATION OF GADSDEN COUNTY, INC.,
 D/B/A CROSSROAD ACADEMY CHARTER SCHOOL
 GOVERNMENTAL FUNDS
 RECONCILIATION OF THE GOVERNMENTAL FUNDS
 BALANCE SHEET TO THE STATEMENT OF NET POSITION
 JUNE 30, 2023**

Total Fund Balance - Governmental Funds		\$ 6,514,960
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 governmental funds:		
Cost of capital assets	7,249,505	
Accumulated depreciation	<u>(2,016,283)</u>	5,233,222
Long term debt not due and payable in the current period and, therefore, are not reported in the funds.		
Compensated absences	(26,445)	
Note payable	<u>(1,367,534)</u>	(1,393,979)
Total Net Position - Governmental Activities		<u><u>\$ 10,354,203</u></u>

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

**COMMUNITY AND ECONOMIC DEVELOPMENT
ORGANIZATION OF GADSDEN COUNTY, INC.,
D/B/A CROSSROAD ACADEMY CHARTER SCHOOL
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2023**

	General Fund	Capital Projects Fund	Special Revenue Fund	Other Governmental Fund	Total Governmental Funds
Revenues					
Florida education finance program	\$ 3,867,997	\$ -	\$ -	\$ -	\$ 3,867,997
Federal through state	-	344,616	1,318,182	-	1,662,798
State	26,829	-	-	-	26,829
Local	332,026	-	-	106,740	438,766
Interest income	113,648	-	-	-	113,648
Total revenues	<u>4,340,500</u>	<u>344,616</u>	<u>1,318,182</u>	<u>106,740</u>	<u>6,110,038</u>
Expenditures					
Current:					
Instructional services	2,796,293	-	-	122,740	2,919,033
Instructional support services	579,001	-	-	-	579,001
Board	208,200	-	-	-	208,200
School administration	671,958	-	-	-	671,958
Fiscal services	11,935	-	-	-	11,935
Food services	100,044	-	-	-	100,044
Central services	2,771	-	-	-	2,771
Operation of plant	236,887	-	-	-	236,887
Maintenance of plant	211,330	-	-	-	211,330
Facilities acquisition	910,185	-	-	-	910,185
Debt service - principal	86,091	-	-	-	86,091
Interest	69,901	-	-	-	69,901
Total expenditures	<u>5,884,596</u>	<u>-</u>	<u>-</u>	<u>122,740</u>	<u>6,007,336</u>
Excess (Deficiency) of Revenues Over Expenditures					
	<u>(1,544,096)</u>	<u>344,616</u>	<u>1,318,182</u>	<u>(16,000)</u>	<u>102,702</u>
Other Financing Sources (Uses)					
Transfers In	1,662,798	-	-	16,000	1,678,798
Transfers Out	(16,000)	(344,616)	(1,318,182)	-	(1,678,798)
Total Other Financing Sources (Uses)	<u>1,646,798</u>	<u>(344,616)</u>	<u>(1,318,182)</u>	<u>16,000</u>	<u>-</u>
Net Changes in Fund Balances	<u>102,702</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>102,702</u>
Fund Balances, Beginning of year, as restated	6,412,258	-	-	-	6,412,258
Fund Balances, Ending of year	<u>\$ 6,514,960</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,514,960</u>

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

**COMMUNITY AND ECONOMIC DEVELOPMENT
 ORGANIZATION OF GADSDEN COUNTY, INC.,
 D/B/A CROSSROAD ACADEMY CHARTER SCHOOL
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
 REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2023**

Total Net Change in Fund Balances - Governmental Funds \$ 102,702

Amounts Reported for Governmental Activities in the
 Statement of Activities are Different Because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures, however, for governmental activities, those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expenses in the statements of activities.

This is the amount by which capital outlay for the period exceeds depreciation expense and disposals

Capital outlays	905,037	
Depreciation expense	<u>(152,264)</u>	752,773

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Change in compensated absences	11,141	
Principal payments of long term debt	<u>86,091</u>	97,232

Change in Net Position of Governmental Activities \$ 952,707

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

**COMMUNITY AND ECONOMIC DEVELOPMENT
ORGANIZATION OF GADSDEN COUNTY, INC.,
D/B/A CROSSROAD ACADEMY CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

(1) **Summary of Significant Accounting Policies:**

The following is a summary of the more significant accounting policies of the Community and Economic Development Organization of Gadsden County, Inc., D/B/A Crossroad Academy Charter School (the “School”), which affect significant elements of the accompanying basic financial statements:

(a) **Reporting entity**—The School operates as a charter school under Florida Statutes. The current charter was approved and effective beginning July 1, 2021 granted for fifteen years through June 30, 2036. The School entered into a contract with Gadsden County District School Board (the “District”) to provide an educational program for elementary, middle, and high school public school students. The School receives a majority of its funding through the District based on a formula of student attendance which is identical to that of other Gadsden County, Florida public schools. At the end of the term of the charter, the District may choose not to renew the charter under grounds specified in the charter, in which case the District is required to notify the School in writing at least 90 days prior to the charter’s expiration. The School is considered a component unit of the Gadsden County District School Board.

(b) **Description of government wide financial statements**—The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. Governmental activities are normally supported by intergovernmental revenues and other nonexchange transactions.

(c) **Basis of presentation – government wide financial statements**—While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Amounts reported as program revenues include operating grants and contributions. Items not properly included among program revenues, such as monies received from the Gadsden County District School Board, are reported as general revenues.

(d) **Basis of presentation – fund financial statements**—The fund financial statements provide information about the government’s funds. Separate statement for the fund category, governmental, is presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. Major individual governmental funds are reported as separate columns in the fund financial statements.

The School reports the following major governmental funds:

General Fund—The general fund is used to record the general operations of the School pertaining to education and those operations not provided for in other funds.

Capital Projects Fund—The capital projects fund is used to account for financial resources to be used for educational capital outlay needs, including new construction, renovation and remodeling projects, and major maintenance projects.

Special Revenue Fund— The special revenue fund is used to account for the activities related to grant activities related to the Cares Act and Title I, II, and IV, which are typically cost reimbursement.

**COMMUNITY AND ECONOMIC DEVELOPMENT
ORANIZATION OF GADSDEN COUNTY, INC.,
D/B/A CROSSROAD ACADEMY CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

(1) **Summary of Significant Accounting Policies:** (Continued)

(d) **Basis of presentation – fund financial statements** (Continued)—During the course of operations, the School has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

(e) **Measurement focus and basis of accounting**—The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows. Amounts reported as program revenues include charges for services, operating grants and contributions, and capital grants and contributions. Items not properly included among program revenues, such as monies received from the Gadsden County School Board, are reported as general revenues.

All governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues, except for certain grant revenues, are recognized in the accounting period in which they become both measurable and available. Available means collectible within the current period, or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the School considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for Federal, state, and other grant resources, revenue is recognized at the time the expenditure is made. Under the modified accrual basis of accounting, expenditures are generally recorded when the related fund liability is incurred. The principal exceptions to this are: principal and interest on general long-term debt, which are recorded as expenditures only when payment is due.

The School's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. Accordingly, the financial statements are organized on the basis of funds. A fund is an accounting entity having a self-balancing set of accounts for recording assets, liabilities, fund equity, revenues, expenditures, and other financing sources and uses.

Resources are allocated to and accounted for in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled.

**COMMUNITY AND ECONOMIC DEVELOPMENT
 ORGANIZATION OF GADSDEN COUNTY, INC.,
 D/B/A CROSSROAD ACADEMY CHARTER SCHOOL
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2023**

(1) **Summary of Significant Accounting Policies:** (Continued)

(f) **Budgetary data**—The budgetary process is prescribed by provisions of the laws of Florida and requires the governing board to adopt an operating budget each year. The School’s governing board satisfied these requirements. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption.

(g) **Demand and time deposits**—Cash and cash equivalents include amounts in demand and time deposits that are readily convertible to known amounts of cash.

(h) **Income taxes**—The School is exempt from the payment of income taxes on its exempt activities under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes has been made in the accompanying financial statements.

The School files income tax returns in the U.S. Federal jurisdiction. The School’s income tax returns for the past three years are subject to examination by tax authorities and may change upon examination.

The School has reviewed and evaluated the relevant technical merits of each of its tax positions in accordance with accounting principles generally accepted in the United States of America for accounting for uncertainty in income taxes, and determined that there are no uncertain tax positions that would have a material impact on the financial statements of the School.

(i) **Capital assets**—Capital assets are defined by the School as assets with an initial individual cost of \$1,000 or more and an estimated useful life of more than one year. Such assets are recorded at historical cost. Donated capital assets are recorded at their estimated fair market values at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets’ lives are not capitalized.

Property, plant and equipment of the School is depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Furniture and equipment	3 – 5
Vehicles	5
Buildings and improvements	40

(j) **Use of estimates**—The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

(k) **Prepaid items**—Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

**COMMUNITY AND ECONOMIC DEVELOPMENT
ORANIZATION OF GADSDEN COUNTY, INC.,
D/B/A CROSSROAD ACADEMY CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

(1) **Summary of Significant Accounting Policies:** (Continued)

(l) **Revenue sources**—Revenues for current operations are received primarily from the Gadsden County District 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(17), Florida Statutes, the School reports the number of full-time equivalent (FTE) students and related data to the Gadsden County District School Board.

Under the provisions of Section 1011.62, Florida Statutes, the Gadsden County District School Board reports the number of FTE students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program. Funding for the School is adjusted during the year to reflect revised calculations by the FDOE under the Florida Education Finance Program and the actual weighted FTE students reported by the School during designated FTE student survey periods.

(m) **Fund balance**—

Net position flow assumption—Sometimes the School will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the School’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund balance flow assumptions—Sometimes the School will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the School’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund balance policies—Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

(n) **Implementation of new accounting pronouncements**— GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) The School has considered the impact of this new accounting standard and determined that there is no impact to the financial statements related to the implementation.

**COMMUNITY AND ECONOMIC DEVELOPMENT
ORANIZATION OF GADSDEN COUNTY, INC.,
D/B/A CROSSROAD ACADEMY CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

(1) **Summary of Significant Accounting Policies:** (Continued)

(n) **Implementation of new accounting pronouncements** (Continued)—GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements provides guidance on the accounting and financial reporting for Public-private and public-public partnership arrangements. The School has considered the impact of this new accounting standard and determined that there was no impact on the financial statements related to implementation.

(2) **Deposits:**

(a) **Custodial credit risk**— In the case of deposits, this is the risk that in the event of a bank failure, the School’s deposits may not be returned. The School’s deposits are covered by Federal depository insurance or by collateral held by the School’s custodial bank which is pledged to a state trust fund that provides security for amounts held in excess of FDIC coverage in accordance with the Florida Security for Deposits Act Chapter 280, Florida Statutes. The Florida Security for Public Deposits Act established guidelines for qualification and participation by banks and savings associations, procedures for the administration of the collateral requirements and characteristics of eligible collateral.

The Florida Security for Public Deposits Act established guidelines for qualification and participation by banks and savings associations, procedures for the administration of the collateral requirements and characteristics of eligible collateral.

(3) **Significant Funding Source:**

The School receives approximately 90% of its funding from the Gadsden County District School Board. A significant reduction in the level of this funding, if this were to occur, could have an adverse effect on the School’s programs and activities.

(4) **Risk Management:**

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the School carries commercial insurance.

**COMMUNITY AND ECONOMIC DEVELOPMENT
ORANIZATION OF GADSDEN COUNTY, INC.,
D/B/A CROSSROAD ACADEMY CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

(5) Capital Assets:

Capital asset activity for the year ended June 30, 2023, was as follows:

	<u>Balance July 1, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2023</u>
Capital assets, not being depreciated:				
Land	\$ 459,022	\$ -	\$ -	\$ 459,022
Construction in Process	758,934	717,562	(326,586)	1,149,910
Total capital assets, not being depreciated	<u>1,217,956</u>	<u>717,562</u>	<u>(326,586)</u>	<u>1,608,932</u>
Capital assets, being depreciated:				
Audio and Visual Materials	62,130	89,008	-	151,138
Building Improvements	4,409,587	326,586	-	4,736,173
Computer Equipment	494,646	90,510	-	585,156
Furniture	104,652	7,957	-	112,609
Vehicles	55,497	-	-	55,497
Total capital assets, being depreciated	<u>5,126,512</u>	<u>514,061</u>	<u>-</u>	<u>5,640,573</u>
Less accumulated depreciation:				
Audio and Visual Materials	53,972	5,561	-	59,533
Building Improvements	1,218,632	113,696	-	1,332,328
Computer Equipment	460,355	24,243	-	484,598
Furniture	76,273	8,053	-	84,326
Vehicles	54,787	711	-	55,498
Total accumulated depreciation	<u>1,864,019</u>	<u>152,264</u>	<u>-</u>	<u>2,016,283</u>
Total capital assets, being depreciated, net	<u>3,262,493</u>	<u>361,797</u>	<u>-</u>	<u>3,624,290</u>
Total capital assets, net	<u>\$ 4,480,449</u>	<u>\$1,079,359</u>	<u>\$ -</u>	<u>\$ 5,233,222</u>

For the year ended June 30, 2023, unallocated depreciation expense was \$152,264.

(6) Pension:

The School offers a defined contribution pension plan set up under IRC401(a). The maximum contribution is 25% of eligible compensation. For the year ended June 30, 2023, the amount of retirement expense was \$200,000.

(7) Commitments and Contingencies:

The School is currently involved upgrades and renovations to the gymnasium and a new access road. As of June 30, 2023, the School had outstanding uncompleted contract commitments of approximately \$3,500,000.

The School is party to routine legal proceedings and litigation arising in the ordinary course of business. In the opinion of management, the outcome of such actions will have no material impact on the School's financial condition.

**COMMUNITY AND ECONOMIC DEVELOPMENT
 ORGANIZATION OF GADSDEN COUNTY, INC.,
 D/B/A CROSSROAD ACADEMY CHARTER SCHOOL
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2023**

(7) Commitments and Contingencies: (Continued)

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by grantors cannot be determined at this time although the School expects such amounts, if any, to be immaterial.

We noted that the School District is paying funds based on FTE counts but there has been no true up on the actual FTE at the end of year. No amount can be estimated at this time as to the likelihood of a repayment to the county. Management believes this payback to the School District is remote based on discussions with the School District.

(8) Interfund Balances and Transfers:

The following is a summary of inter-fund amounts related to agency fund expenditures paid out of the general fund account at June 30, 2023:

Receivable Fund	Payable Fund	Amount
General Fund	Activity Fund	\$ 17,220

Transfers from/to other funds for the year ended June 30, 2023, were as follows:

Recipient Fund	Amount	Reason for Transfer
General Fund	\$ 344,616	Transfer from Capital Project Fund to aid in operation cost for General Fund for the current year.
General Fund	\$ 1,318,182	Transfer from Special Revenue Fund to aid in operation cost for General Fund for the current year.
Activity Fund	\$ 16,000	Transfer from General Fund to aid in Activity fund cost for the current year.

(9) Subsequent Events:

The School has evaluated events and transactions for potential recognition or disclosure in the financial statements through January 31, 2024, the date which the financial statements were available to be issued. No subsequent events have been recognized or disclosed.

**COMMUNITY AND ECONOMIC DEVELOPMENT
ORANIZATION OF GADSDEN COUNTY, INC.,
D/B/A CROSSROAD ACADEMY CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

(10) **Long-Term Debt:**

Governmental Activities

Note Payable

4.25% note payable to USDA Rural Development in 25 annual payments of \$147,870, including interest. The loan is collateralized by real property.	\$ 1,367,534
Less: Current portion	<u>89,750</u>
Notes payable, less current portion	<u><u>\$ 1,277,784</u></u>

Future maturities of note payable are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt Service</u>
2024	\$ 89,750	\$ 58,120	\$ 147,870
2025	93,564	54,306	147,870
2026	97,541	50,329	147,870
2027	101,686	46,184	147,870
2028	106,008	41,862	147,870
2029-2033	601,573	137,777	739,350
2034-2035	<u>277,412</u>	<u>17,797</u>	<u>295,209</u>
Total	<u><u>\$ 1,367,534</u></u>	<u><u>\$ 406,375</u></u>	<u><u>\$ 1,773,909</u></u>

Long-term liability activity or the year ended June 30, 2023, was as follows:

	<u>Beginning Balance</u>	<u>Change</u>	<u>Ending Balance</u>	<u>Due within one year</u>
Governmental Activities:				
Note payable	\$1,453,625	\$ (86,091)	\$ 1,367,534	\$ 89,750
Compensated absences	<u>37,586</u>	<u>(11,141)</u>	<u>26,445</u>	<u>-</u>
Total Governmental Activities:	<u><u>\$1,491,211</u></u>	<u><u>\$ (97,232)</u></u>	<u><u>\$ 1,393,979</u></u>	<u><u>\$ 89,750</u></u>

**COMMUNITY AND ECONOMIC DEVELOPMENT
ORANIZATION OF GADSDEN COUNTY, INC.,
D/B/A CROSSROAD ACADEMY CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

(11) **Restatement of Beginning Net Position:**

Subsequent to the issuance of the June 30, 2023, financial statements, management became aware of the following: understatement of accrued payroll. An accrued payroll liability was required to be recorded in accordance with School’s policy.

Net Position Balance:	
June 30, 2022, originally reported	\$9,590,960
Accrued payroll adjustment	(189,464)
Net Position Balance:	
June 30, 2022, as restated	\$9,401,496

The impact of the restatement decreased the beginning net position on the statement of activities and beginning governmental activities in the amount of \$189,464.

(12) **Recent Accounting Pronouncements:**

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have effective dates that may impact future financial statements. Listed below are pronouncements with required implementation dates effective for fiscal years subsequent to June 30, 2023, that have not yet been implemented. Management has not currently determined what, if any, impact implementation of the following will have on the School’s financial statements:

- (a) GASB issued Statement No. 101, *Compensated Absences*, in June 2022. GASB Statement No. 101 amends the existing guidance related to the calculation and disclosures surrounding the liability for compensated absences. The provisions for GASB 101 are effective for fiscal years beginning after December 15, 2023.
- (b) GASB issued Statement No. 102, *Certain Risk Disclosures*, in June 2022. GASB 102 requires governments to disclose essential information about risks related to vulnerabilities due to certain concentrations or constraints. The provisions for GASB 102 are effective for fiscal years beginning after June 15, 2024.

REQUIRED SUPPLEMENTARY INFORMATION

**COMMUNITY AND ECONOMIC DEVELOPMENT
ORGANIZATION OF GADSDEN COUNTY, INC.,
D/B/A CROSSROAD ACADEMY CHARTER SCHOOL
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2023**

	Budget		Actual	Variances - Positive (Negative)
	Original	Final		Final to Actual
Revenues				
Florida education finance program	\$ 3,750,000	\$ 3,750,000	\$ 3,867,997	\$ 117,997
State	80,000	80,000	26,829	(53,171)
Local	177,000	177,000	332,026	155,026
Interest income	5,000	5,000	113,648	108,648
Total Revenues	<u>4,012,000</u>	<u>4,012,000</u>	<u>4,340,500</u>	<u>328,500</u>
Expenditures				
Current:				
Instructional services	2,587,700	2,587,700	2,796,293	(208,593)
Instructional support services	468,000	468,000	579,001	(111,001)
Board	225,000	225,000	208,200	16,800
School administration	670,000	670,000	671,958	(1,958)
Fiscal services	4,000	4,000	11,935	(7,935)
Food services	103,000	103,000	100,044	2,956
Central services	11,000	11,000	2,771	8,229
Operation of plant	256,500	256,500	236,887	19,613
Maintenance of plant	-	-	211,330	(211,330)
Facilities acquisition	200,000	200,000	910,185	(710,185)
Debt service - principal	-	-	86,091	(86,091)
Interest	-	-	69,901	(69,901)
Total Expenditures	<u>4,525,200</u>	<u>4,525,200</u>	<u>5,884,596</u>	<u>(1,359,396)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(513,200)</u>	<u>(513,200)</u>	<u>(1,544,096)</u>	<u>(1,030,896)</u>
Other Financing Sources (Uses)				
Transfers in	-	-	1,662,798	1,662,798
Transfers out	-	-	(16,000)	(16,000)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>1,646,798</u>	<u>1,646,798</u>
Net Change in Fund Balance	<u>(513,200)</u>	<u>(513,200)</u>	<u>102,702</u>	<u>615,902</u>
Fund balance, Beginning of year, as restated	6,412,258	6,412,258	6,412,258	-
Fund balance, Ending of year	<u>\$ 5,899,058</u>	<u>\$ 5,899,058</u>	<u>\$ 6,514,960</u>	<u>\$ 615,902</u>

The accompanying notes are an integral
part of this schedule.

**COMMUNITY AND ECONOMIC DEVELOPMENT
ORGANIZATION OF GADSDEN COUNTY, INC.,
D/B/A CROSSROAD ACADEMY CHARTER SCHOOL
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Budget</u>		<u>Actual</u>	<u>Variance - Positive (Negative) Final to Actual</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Federal through state	\$ 300,000	\$ 800,000	\$ 1,318,182	\$ 518,182
Total Revenues	<u>300,000</u>	<u>800,000</u>	<u>1,318,182</u>	<u>518,182</u>
Expenditures				
Instructional services	300,000	800,000	-	800,000
Total Expenditures	<u>300,000</u>	<u>800,000</u>	<u>-</u>	<u>800,000</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>1,318,182</u>	<u>1,318,182</u>
Other Financing Sources (Uses)				
Transfers out	-	-	(1,318,182)	(1,318,182)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(1,318,182)</u>	<u>(1,318,182)</u>
Net Change in Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, Beginning of year	-	-	-	-
Fund balance, Ending of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral
part of this schedule.

**COMMUNITY AND ECONOMIC DEVELOPMENT
ORANIZATION OF GADSDEN COUNTY, INC.,
D/B/A CROSSROAD ACADEMY CHARTER SCHOOL
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2023**

(1) **Summary of Significant Accounting Policies:**

The Statements of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual are presented using the School’s budget format for all major governmental funds.

(2) **Budgetary Basis of Accounting:**

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual budgets are adopted for the entire operations at the combined governmental level and may be amended by the Board of Directors (the “Board”). The budget presented for fiscal year ended June 30, 2023, was not amended.

Budgets are presented on the modified accrual basis of accounting. The legal level of budgetary control is the fund level. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for.

For the year ended June 30, 2023, expenditures exceeded appropriations in the general fund by \$1,359,396. Additionally, transfers out of the special revenue fund exceeded the final budget.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Directors,
Community and Economic Development
Organization of Gadsden County, Inc.,
d/b/a Crossroad Academy Charter School:

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 information of the Community and Economic Development Organization of Gadsden County, Inc., D/B/A Crossroad Academy Charter School (the "School") as of and for the year ended June 30, 2023, and related notes to the financial statements, which collectively comprise the School's basic financial statements and have issued our report thereon dated January 31, 2024.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We consider the deficiencies described in the Schedule of Findings and Questioned Costs, item 2023-001, 2023-002, and 2023-004, to be material weaknesses.

Report on Compliance and Other Matters

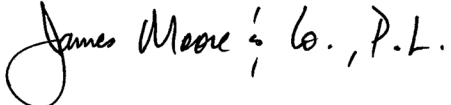
As part of obtaining reasonable assurance about whether the School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the Schedule of Findings and Questioned Costs, item 2023-003.

Community and Economic Development Organization of Gadsden County, Inc., D/B/A Crossroad Academy Charter School's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the School's response to the findings identified in our audit and described in the accompanying *schedule of findings and questioned costs*. The School's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style with a large, looping initial "J".

Tallahassee, Florida
January 31, 2024



**MANAGEMENT LETTER OF INDEPENDENT AUDITORS
REQUIRED BY CHAPTER 10.850, RULES OF THE STATE OF FLORIDA,
OFFICE OF THE AUDITOR GENERAL**

To the Board of Directors,
Community and Economic Development
Organization of Gadsden County, Inc.,
d/b/a Crossroad Academy Charter School:

Report on the Financial Statements

We have audited the financial statements of the Community and Economic Development Organization of Gadsden County, Inc., D/B/A Crossroad Academy Charter School (the “School”), as of and for the fiscal year ended June 30, 2023, and have issued our report thereon dated January 31, 2024

Auditors’ Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and Chapter 10.850, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditors’ Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated January 31, 2024, 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. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report except as noted in the table below.

Tabulation of Uncorrected Audit Findings			
Description	Current Year Finding #	2021-22 FY Finding #	2020-21 FY Finding #
Material Adjustments	2023-001	2022-001	-
Journal Entry Approval	2023-002	2022-002	-
Budgets	2023-003	2022-003	-
Allowable Cost/Cost Principles	2023-004	-	-

Official Title

Section 10.854(1)(e)5, Rules of the Auditor General, requires the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title and the school code assigned by the Florida Department of Education of the entity are Community and Economic Development Organization of Gadsden County, Inc., D/B/A Crossroad Academy Charter School, 209104.

Financial Condition and Management

Sections 10.854(1)(e)2. And 10.855(11), Rules of the Auditor General, require that we report the results of our determination as to whether or not the School has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with 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 address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Transparency

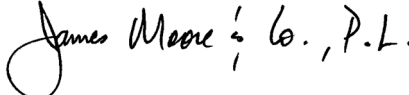
Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require that we apply appropriate procedures to determine whether the School maintains on its web site the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that the School did maintain all of the required information on its website as 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 had no such recommendations.

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, Gadsden County District School Board, the Board of Directors, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

James Moore & Co., P.L.

Tallahassee, Florida
January 31, 2024

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

To the Board of Directors,
Community and Economic Development
Organization of Gadsden County, Inc.,
d/b/a Crossroad Academy Charter School:

Report on Compliance for Each Major Federal Program

Qualified Opinion

We have audited the Community and Economic Development Organization of Gadsden County, Inc., D/B/A Crossroad Academy Charter School's (the "School") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the School's major federal programs for the year ended June 30, 2023. The School's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Qualified Opinion on 84.425U Education Stabilization Fund

In our opinion, except for the possible effects of the matter described in the Basis for Qualified and Unmodified Opinions section of our report, the School complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on 84.425U Education Stabilization Fund for the year ended June 30, 2023.

Basis for Qualified and Unmodified Opinions

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report. We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with 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 qualified and unmodified opinions on compliance for each major federal program. Our audit does not provide a legal determination of the School's compliance with the compliance requirements referred to above.

Matter Giving Rise to Qualified Opinion on 84.425U – Education Stabilization Fund

As described in the accompanying schedule of findings and questioned costs, we were unable to obtain sufficient appropriate audit evidence supporting the compliance of the School with Assistance Listing No. 84.425U Education Stabilization Fund as described in finding number 2023-004 for allowable activity/cost principles, consequently we were unable to determine whether the School complied with those requirements applicable to that program.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the School's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School's compliance based on our audit. 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 GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 School's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

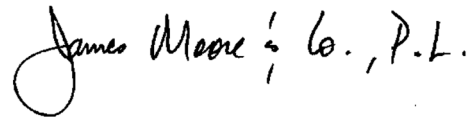
Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-004 to be a material weakness.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the School's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The School's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style with a large, looped initial 'J'.

Tallahassee, Florida
January 31, 2024

**COMMUNITY AND ECONOMIC DEVELOPMENT
 ORGANIZATION OF GADSDEN COUNTY, INC.,
 D/B/A CROSSROAD ACADEMY CHARTER SCHOOL
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2023**

Federal Grantor/State Grantor/Pass Through Grantor/ Program Title	Assistance Listing Number	Pass-Through Entity Identifying Contract Number	Expenditures
FEDERAL AWARDS			
U.S. Department of Health and Human Services			
Passed through Florida Department of Office of Early Learning:			
COVID-19 - Child Care and Development Block Grant- CCDF Cluster	93.575	-	\$ 69,783
Total U.S Department of Health and Human Services			<u>69,783</u>
U.S Department of Education			
Passed through Gadsden County School District:			
COVID-19 - Education Stabilization Fund	84.425U	-	1,033,383
Title I Grants to Local Educational Agencies	84.010	-	284,799
Total U.S Department of Education			<u>1,318,182</u>
Total Expenditures of Federal Awards			<u><u>\$ 1,387,965</u></u>

The accompanying notes to the Schedule of Expenditures of Federal Awards is an integral part of this schedule.

**COMMUNITY AND ECONOMIC DEVELOPMENT
ORANIZATION OF GADSDEN COUNTY, INC.,
D/B/A CROSSROAD ACADEMY CHARTER SCHOOL
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023**

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the Federal awards activity of the School under programs of the federal and state government for the year ended June 30, 2023, in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School it is not intended to and does not present the financial position, changes in net assets, or cash flows of the School.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

Note 3. De Minimis Indirect Cost Rate Election

The School has elected not to use the 10 percent de minimis indirect cost rate as allowed under Uniform Guidance.

Note 4. Subrecipients

For the year ended June 30, 2023, there were no amounts passed through to subrecipients.

**COMMUNITY AND ECONOMIC DEVELOPMENT
 ORGANIZATION OF GADSDEN COUNTY, INC.,
 D/B/A CROSSROAD ACADEMY CHARTER SCHOOL
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED JUNE 30, 2023**

I. Summary of Auditors' Results:

Financial Statements

Type of audit report issued: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? X yes no
- Significant deficiencies identified? yes X none reported

Noncompliance material to financial statements noted? X yes no

Federal Awards

Internal control over major Federal programs:

- Material weakness(es) identified? X yes no
- Significant deficiencies identified? yes X none reported

Types of auditors' report issued on compliance for major Federal programs: *Qualified*

Any audit findings that are required to be reported in accordance with 2 CFR 200.516(a)? X yes no

Identification of major Federal programs:

Federal Program	Federal Assistance Listing Number
Education Stabilization Fund	84.425U
Dollar threshold used to distinguish between type A and type B Federal programs:	\$ 750,000
Auditee qualified as low-risk auditee	<u> </u> yes <u> X </u> no

**COMMUNITY AND ECONOMIC DEVELOPMENT
ORANIZATION OF GADSDEN COUNTY, INC.,
D/B/A CROSSROAD ACADEMY CHARTER SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023
(CONTINUED)**

II. Financial Statement Findings:

Finding 2023-001: Material Adjustments

Condition and Criteria: The internal controls of the School have focused primarily on the objective of effectiveness and efficiency of operations (i.e., performance and mission goals and safeguarding of resources). However, the system of internal control over the objectives of reliability of financial reporting contains certain deficiencies. A key element of financial reporting is the ability of management to select and apply the appropriate accounting principles to prepare the financial statements in accordance with generally accepted accounting principles.

Cause: For the year ended June 30, 2023, certain adjustments were required to be made to the accounting records subsequent to the start of the audit process. Since these adjustments resulted in a material misstatement of the financial statements, this deficiency is deemed to be a material weakness.

Effect: Financial statements would be materially misstated if significant adjustments were not made.

Recommendation: We recommend management select and apply the appropriate accounting principles to prepare the financial statements in accordance with generally accepted accounting principles.

Finding 2023-002: Journal Entry Approval

Condition and Criteria: Management is responsible for adopting and maintaining a set of internal controls and financial policies that are applicable to the School's operations. In addition, management is responsible for having all adjusting journal entries signed off as reviewed by someone other than the person who posted the entry. In our test of five journal entries, we noted that journal entries were not signed off as approved by management.

Cause: No visible approvals to follow the internal control processes over journals.

Effect: Potential misstatement or errors or irregularities in the financial statements.

Recommendation: We recommend that a list of all adjusting journal entries with supporting documentation be provided to the board of directors for approval at monthly meetings.

**COMMUNITY AND ECONOMIC DEVELOPMENT
ORANIZATION OF GADSDEN COUNTY, INC.,
D/B/A CROSSROAD ACADEMY CHARTER SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023
(CONTINUED)**

II. Financial Statement Findings: (Continued)

Finding 2023-003: General Fund Budgetary Compliance

Condition and Criteria: Management is responsible for adopting and maintaining operating budget applicable to the School's operations. Florida Statutes allow the budget compliance matter to be resolved by budget amendments within 60 days of year-end, however no amendments were made to the budgeted expenditures and transfers, resulting in actual amounts exceeding the approved budget.

Cause and Effect: During our testing over the General Fund budget, we noted actual expenditures and transfers exceeded the approved amounts in the School's budget, which could lead to School overspending State funds.

Recommendation: We recommend the School perform a budget to actual analysis monthly or any time significant new expenditures are incurred, and amend the budget as necessary to ensure the School is compliance with budgetary regulations.

III. Federal Award Findings and Questions Costs:

Finding 2023-004: Allowable Cost/Cost Principles

Information on the Federal Program: Assistance Listing Number 84.425U Education Stabilization Fund Compliance Requirement: Allowable Costs

Condition and Criteria: All grant reimbursement requests should be supported by applicable source documentation. During our testing, we noted the certain costs were charged to the grant twice by duplicate invoices.

Cause: The School included duplicate invoices in requests for reimbursements to the School District. We noted 4 deviations of 40 invoices tested.

Effect: The School could be reimbursed for activities unallowed, which could require repayment.

Known Questioned Costs: \$37,040

Recommendation: We recommend that policies be implemented to ensure reimbursements include applicable invoices as support.

**COMMUNITY AND ECONOMIC DEVELOPMENT
ORANIZATION OF GADSDEN COUNTY, INC.,
D/B/A CROSSROAD ACADEMY CHARTER SCHOOL
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2023**

Finding 2023-001: Material Adjustments - Unresolved

Condition and Criteria: The internal controls of the School have focused primarily on the objective of effectiveness and efficiency of operations (i.e., performance and mission goals and safeguarding of resources). However, the system of internal control over the objectives of reliability of financial reporting contains certain deficiencies. A key element of financial reporting is the ability of management to select and apply the appropriate accounting principles to prepare the financial statements in accordance with generally accepted accounting principles.

Cause: For the year ended June 30, 2023, certain adjustments were required to be made to the accounting records subsequent to the start of the audit process. Since these adjustments resulted in a material misstatement of the financial statements, this deficiency is deemed to be a material weakness.

Effect: Financial statements would be materially misstated if significant adjustments were not made.

Recommendation: We recommend management select and apply the appropriate accounting principles to prepare the financial statements in accordance with generally accepted accounting principles.

Finding 2023-002: Journal Entry Approval - Unresolved

Condition and Criteria: Management is responsible for adopting and maintaining a set of internal controls and financial policies that are applicable to the School's operations. In addition, management is responsible for having all adjusting journal entries signed off as reviewed by someone other than the person who posted the entry. In our test of five journal entries, we noted that journal entries were not signed off as approved by management.

Cause: No visible approvals to follow the internal control processes over journals.

Effect: Potential misstatement or errors or irregularities in the financial statements.

Recommendation: We recommend that a list of all adjusting journal entries with supporting documentation be provided to the board of directors for approval at monthly meetings.



CROSSROAD ACADEMY

CHARTER SCHOOL OF BUSINESS

470 Strong Road | Quincy, FL 32351 | Ph (850) 875-9626 | Fax (850) 875-1403
@iamcacs | www.mycacs.com | www.facebook.com/iamcacs



Corrective Action Plan January 31, 2024

Finding 2023-001: Material Adjustments

Management will make all year-end material adjustments and prepare the financial statements in accordance with generally accepted accounting principles prior to submission to the auditors. A review of the records will be conducted by an outside CPA to ensure appropriate accounting principles have been applied.

Finding 2023-002: Journal Entry Approval

Management will present a list of all the journal entries with supporting documentation to the Board of Directors for approval at their monthly meetings.

Finding 2023-003: General Fund Budgetary Compliance

On a quarterly basis, or if/when significant expenditures are incurred, Management will present the budget versus actual financial report to the Board of Directors, along with an amended budget for the Board's approval to ensure the school complies with budgetary regulations.

Finding 2023-004: Allowable Cost/Cost Principles

Management is working with a consultant to revise the policies and develop financial procedures, which will be followed to assure that all reimbursement requests consistently include only applicable invoices as support. Once developed, these procedures will be approved by the Board and implemented immediately.

Al Gunn, Executive Director