

# 2023

Clear Choice Academies, Inc.

(A Component Unit of the Marion County District School Board)

## Financial Statements and Independent Auditor's Report

June 30, 2023

**PURVIS GRAY**  
CERTIFIED PUBLIC ACCOUNTANTS

**CLEAR CHOICE ACADEMIES, INC.**  
(A Component Unit of the Marion County District School Board)

**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITOR'S REPORTS**

**JUNE 30, 2023**

**TABLE OF CONTENTS**

<b>Independent Auditor's Report</b> .....	1-3
<b>Management's Discussion and Analysis</b> .....	4-7
<b>Basic Financial Statements</b>	
Government-Wide Financial Statements:	
Statement of Net Position .....	8
Statement of Activities .....	9
Governmental Fund Financial Statements:	
Balance Sheet .....	10
Reconciliation of the Balance Sheet to the Statement of Net Position .....	11
Statement of Revenues, Expenditures, and Changes in Fund Balances .....	12
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities.....	13
Notes to Financial Statements.....	14-20
<b>Required Supplementary Information</b>	
Budgetary Comparison Schedule – General Fund .....	21
<b>Additional Information</b>	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	22-23
Management Letter .....	24-25

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Clear Choice Academies, Inc.  
Ocala, Florida

### **Report on the Audit of the Financial Statements**

#### **Opinions**

We have audited the accompanying financial statements of the governmental activities and each major fund of Clear Choice Academies, Inc (the Corporation), a component unit of the Marion County District School Board, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Corporation's 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 and each major fund of the Corporation as of June 30, 2023, and the respective changes in financial position thereof 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 and the standards applicable to 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Corporation, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### **Emphasis of a Matter**

As described in Note 1 to the financial statements, in 2023, the Corporation adopted new accounting guidance, Governmental Accounting Standards Board Statement (GASB), No. 87, *Leases*. Our opinion was not modified with respect to this matter.

#### CERTIFIED PUBLIC ACCOUNTANTS

Gainesville | Ocala | Tallahassee | Sarasota | Orlando | Tampa  
purvisgray.com

Members of American and Florida Institutes of Certified Public Accountants  
An Independent Member of the BDO Alliance USA

To the Board of Directors  
Clear Choice Academies, Inc.  
Ocala, Florida

## INDEPENDENT AUDITOR'S REPORT

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the 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 Corporation's 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 and *Government 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 and *Government 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 Corporation'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 Corporation's ability to continue as a going concern for a reasonable period of time.

To the Board of Directors  
Clear Choice Academies, Inc.  
Ocala, Florida

## INDEPENDENT AUDITOR'S REPORT

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 management's discussion and analysis and the budgetary comparison schedule, 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 GASB, 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 October 6, 2023, on our consideration of the Corporation'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 solely 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 the effectiveness of the Corporation's 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 Corporation's internal control over financial reporting and compliance.



October 6, 2023  
Ocala, Florida

**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2023**  
**CLEAR CHOICE ACADEMIES, INC.**  
*(A Component Unit of the Marion County District School Board)*  
**OCALA, FLORIDA**

This discussion and analysis of Clear Choice Academies, Inc. (the Corporation) financial performance provides an overview of the Corporation’s financial activities for the fiscal year ended June 30, 2023. Please read it in conjunction with the Corporation’s financial statements, which follow this section.

The following are various financial highlights for fiscal year ended June 30, 2023:

- The Corporation’s ending unrestricted net position totaled \$69,196 at June 30, 2023, the end of the Ocali Middle School’s ninth year of operation. Expenses for the high school for the 2023 year were start up costs.
- The Corporation had total expenses for the year of \$1,806,945 compared to revenues of \$1,735,245.
- The Corporation served approximately 210 students in the 2022-2023 school year and 210 students in 2021-2022, in grades six through eight.

The Corporation has witnessed substantial growth and expansion in the past year. Our careful financial management has created opportunities for us to reinvest in the improvement of our educational programs and facilities. One of the most noteworthy signs of our success is the increased interest from families in our middle school and the establishment of our high school. This serves as a testament to the trust and confidence that parents and the community have in our institution. This growth has enabled us to broaden our educational offerings, enrich extracurricular activities, launch a new high school, and on-board additional highly-qualified staff to support our students.

While we take pride in our accomplishments, we must also recognize the challenges that accompany growth. Managing a surge in enrollment, upholding integrity, and ensuring our financial sustainability remain our top priorities. We are committed to facing these challenges head-on and continuously refining our strategies to maintain our high standards for academic excellence and fiscal responsibility.

#### **OVERVIEW OF THE BASIC FINANCIAL STATEMENTS**

This annual report contains government-wide financial statements that report on the Corporation’s activities as a whole and fund financial statements that report on the Corporation’s individual funds.

##### **Government-Wide Financial Statements**

The first financial statement is the Statement of Net Position. This statement includes all of the Corporation’s assets and liabilities using the accrual basis of accounting. Accrual accounting is similar to the accounting used by most private-sector companies. All of the current year revenues and expenses are recorded, regardless of when cash is received or paid. Net Position – the difference between assets and liabilities – can be used to measure the Corporation’s financial position.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2023**  
**CLEAR CHOICE ACADEMIES, INC.**  
*(A Component Unit of the Marion County District School Board)*  
**OCALA, FLORIDA**

The second financial statement is the Statement of Activities. This statement is also shown using the accrual basis of accounting. It shows the increases and decreases in net position during the fiscal year. Over time, the increases or decreases in net position are useful indicators of whether the Corporation's financial health is improving or deteriorating. However, other non-financial factors, such as enrollment levels or changes in state funding, must also be considered when assessing the overall health of the Corporation.

In these statements, all of the Corporation's activities are considered to be governmental activities. The Corporation has no business-type activities, which are generally financed in whole or in part by fees charged to external parties for goods or services.

**Fund Financial Statements**

Following the government-wide financial statements are the fund financial statements. They provide more detailed information about the Corporation's funds.

The Corporation maintain two individual governmental funds, the General Fund and the Capital Projects Fund. Both funds are considered to be major funds and, accordingly, they are separately displayed.

*Governmental Funds*—these funds are accounted for using modified accrual accounting. Modified accrual accounting focuses on available cash and other financial assets that can readily be converted to cash. This provides a shorter-term view of the governmental fund's financial position. A reconciliation is provided with these statements, which helps to explain the differences between the fund financial statements and the government-wide financial statements.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2023**  
**CLEAR CHOICE ACADEMIES, INC.**  
*(A Component Unit of the Marion County District School Board)*  
**OCALA, FLORIDA**

**CONDENSED FINANCIAL INFORMATION**

The following table presents condensed, government-wide current year data about net position and changes in net position:

	<b>2023</b>	<b>2022</b>
	<b>Governmental</b>	<b>Governmental</b>
	<b>Activities</b>	<b>Activities</b>
	<u>                    </u>	<u>                    </u>
<b>NET POSITION</b>		
Assets:		
Non-Capital Assets	\$ 89,305	\$ 163,789
Capital Assets, Net	483,361	32,017
Total Assets	<u>572,666</u>	<u>195,806</u>
Liabilities:		
Current Liabilities	167,089	4,623
Long-Term Liabilities	286,094	-
Total Liabilities	<u>453,183</u>	<u>4,623</u>
Net Position:		
Net Invested in Capital Assets	50,287	32,017
Unrestricted	69,196	159,166
Total Net Position	<u>\$ 119,483</u>	<u>\$ 191,183</u>
<b>CHANGE IN NET POSITION</b>		
General Revenues:		
Florida Education Finance Program	\$ 1,540,075	\$ 1,537,186
Charter School Capital Outlay Funds	133,143	105,508
Other Local Revenues	62,027	43,492
Total Revenues	<u>1,735,245</u>	<u>1,686,186</u>
Program Expenses:		
Instruction	920,068	836,847
General Support	864,660	696,326
Community Service	17,099	20,353
Maintenance of Plant	5,118	1,166
Total Expenses	<u>1,806,945</u>	<u>1,554,692</u>
Change in Net Position	(71,700)	131,494
Beginning, Net Position	191,183	59,689
Ending, Net Position	<u>\$ 119,483</u>	<u>\$ 191,183</u>



**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2023**  
**CLEAR CHOICE ACADEMIES, INC.**  
*(A Component Unit of the Marion County District School Board)*  
**OCALA, FLORIDA**

**OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS**

**Governmental Activities.** The governmental activities generated \$1,602,102 of general revenues, and incurred \$1,806,945 of program expenses. This resulted in a \$71,700 decrease in net position.

In recognizing the effects of Governmental Accounting Standards Board (GASB) No. 87, *Leases*, on our financial statements we recorded a liability in the amount of \$568,570 and an asset in the amount of \$568,570 with related accumulated amortization of \$151,619.

**THE CORPORATION'S INDIVIDUAL FUNDS**

**General Fund.** The fund balance of the General Fund decreased by \$89,970 to a balance of \$69,196.

**Capital Projects Fund.** The Capital Projects fund does not carry a fund balance, as all revenues of this fund are utilized for rent on Corporation buildings.

**BUDGETARY HIGHLIGHTS**

**General Fund.** The original budget was amended to reflect various changes in expenditures. The Corporation had an excess of expenditures over appropriations.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets.** The Corporation implemented GASB No. 87, *Leases* during the year, which recorded the leases that are financing in nature and the right to use of an underlying asset. The Corporation has a lease agreement for the school building space, which recorded an asset of \$568,570. Please refer to a note to the accompanying financial statements entitled *Capital Assets and Depreciation* for more detailed information about the Corporation's capital asset activity.

**ECONOMIC FACTORS**

The Corporation currently is not aware of any conditions that are expected to have a significant effect on the Corporation's financial position or results of operations.

**CONTACTING THE CORPORATION'S FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the Corporation's finances and to show the Corporation's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Leo Pacheco (Board Chairman), Clear Choice Academies, Inc. 3233 SE Maricamp Road, Ocala, Florida 34471.

## **BASIC FINANCIAL STATEMENTS**

**STATEMENT OF NET POSITION**  
**JUNE 30, 2023**  
**CLEAR CHOICE ACADEMIES, INC.**  
*(A Component Unit of the Marion County District School Board)*  
**OCALA, FLORIDA**

	<b>Governmental Activities</b>
<b>Assets</b>	
Cash	\$ 18,249
Accounts Receivable	42,275
Prepays	14,475
Deposits	14,306
Capital Assets:	
Depreciable, Net	483,361
<b>Total Assets</b>	<b>572,666</b>
 <b>Liabilities</b>	
Accounts and Wages Payable	20,109
Lease Liability:	
Current Portion	146,980
Long-Term Portion	286,094
<b>Total Liabilities</b>	<b>453,183</b>
 <b>Net Position</b>	
Net Invested in Capital Assets	50,287
Unrestricted	69,196
<b>Total Net Position</b>	<b>\$ 119,483</b>

See accompanying notes.

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2023  
CLEAR CHOICE ACADEMIES, INC.**

*(A Component Unit of the Marion County District School Board)*

**OCALA, FLORIDA**

Function/Program Activities	(Expenses)	Program Revenues			Net (Expense) Revenue and Change in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental Activities</b>					
Instruction	\$ (920,068)	\$ -	\$ -	\$ -	\$ (920,068)
General Support	(864,660)	-	-	-	(864,660)
Community Service	(17,099)	-	-	-	(17,099)
Maintenance of Plant	(5,118)	-	-	133,143	128,025
<b>Total Governmental Activities</b>	<b>\$ (1,806,945)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 133,143</b>	<b>(1,673,802)</b>

**General Revenues**

State Revenue:

Florida Education Finance Program 1,538,277

Other State Revenues 1,798

Other Local Revenues 62,014

Interest Income 13

**Total General Revenues** 1,602,102

**Change in Net Position** (71,700)

**Net Position, Beginning of Year** 191,183

**Net Position, End of Year** \$ 119,483

See accompanying notes.

**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2023**  
**CLEAR CHOICE ACADEMIES, INC.**  
*(A Component Unit of the Marion County District School Board)*  
**OCALA, FLORIDA**

	<b>General Fund</b>	<b>Capital Projects Fund</b>	<b>Total Governmental Funds</b>
<b>Assets</b>			
Cash	\$ 18,249	\$ -	\$ 18,249
Accounts Receivable	42,275	-	42,275
Prepays	3,380	11,095	14,475
Deposits	14,306	-	14,306
Due from Capital Projects Fund	11,095	-	11,095
<b>Total Assets</b>	<b>89,305</b>	<b>11,095</b>	<b>100,400</b>
<b>Liabilities and Fund Balances</b>			
Current Liabilities:			
Accounts and Wages Payable	20,109	-	20,109
Due to General Fund	-	11,095	11,095
<b>Total Current Liabilities</b>	<b>20,109</b>	<b>11,095</b>	<b>31,204</b>
Fund Balances:			
Non-Spendable	17,686	-	17,686
Unassigned	51,510	-	51,510
<b>Total Fund Balances</b>	<b>69,196</b>	<b>-</b>	<b>69,196</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 89,305</b>	<b>\$ 11,095</b>	<b>\$ 100,400</b>

See accompanying notes.

**RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2023**  
**CLEAR CHOICE ACADEMIES, INC.**  
*(A Component Unit of the Marion County District School Board)*  
**OCALA, FLORIDA**

<b>Fund Balance - Total Governmental Funds</b>	\$	69,196
--	----	--------

**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 in the governmental funds:

Capital Assets - Net of Accumulated Depreciation		483,361
--	--	---------

Long-term liabilities are not due and payable in the current period, and accordingly, are not reported in governmental funds:

Lease Payable		<u>(433,074)</u>
---------------	--	------------------

<b>Net Position of Governmental Activities</b>	<b>\$</b>	<b><u>119,483</u></b>
--	-----------	-----------------------

See accompanying notes.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2023**  
**CLEAR CHOICE ACADEMIES, INC.**  
*(A Component Unit of the Marion County District School Board)*  
**OCALA, FLORIDA**

	<b>General Fund</b>	<b>Capital Projects Fund</b>	<b>Total Governmental Funds</b>
<b>Revenues</b>			
State Revenue:			
Florida Education Finance Program	\$ 1,538,277	\$ -	\$ 1,538,277
Charter School Capital Outlay Funds	-	133,143	133,143
Other State Revenues	1,798	-	1,798
Other Local Revenues	62,014	-	62,014
Interest Income	13	-	13
<b>Total Revenues</b>	<b>1,602,102</b>	<b>133,143</b>	<b>1,735,245</b>
<b>Expenditures</b>			
Current:			
Instruction	916,510	-	916,510
General Support	701,722	-	701,722
Community Service	17,099	-	17,099
Maintenance of Plant	5,118	-	5,118
Capital Outlay	25,166	568,570	593,736
Debt Service:			
Lease Principal	23,034	112,462	135,496
Lease Interest	3,423	20,681	24,104
<b>(Total Expenditures)</b>	<b>(1,692,072)</b>	<b>(701,713)</b>	<b>(2,393,785)</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(89,970)</b>	<b>(568,570)</b>	<b>(658,540)</b>
<b>Other Financing Sources</b>			
Inception of Lease	-	568,570	568,570
<b>Net Change in Fund Balance</b>	<b>(89,970)</b>	<b>-</b>	<b>(89,970)</b>
<b>Fund Balances, Beginning of Year</b>	<b>159,166</b>	<b>-</b>	<b>159,166</b>
<b>Fund Balances, End of Year</b>	<b>\$ 69,196</b>	<b>\$ -</b>	<b>\$ 69,196</b>

See accompanying notes.

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
GOVERNMENTAL FUND  
JUNE 30, 2023  
CLEAR CHOICE COMPANIES, INC.  
(A Component Unit of the Marion County District School Board)  
OCALA, FLORIDA**

<b>Excess of Revenues Over Expenditures - Total Governmental Fund</b>	\$	(89,970)
---	----	----------

**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 depreciated over their estimated useful lives:

Current Year Expenditures for Capital Assets		593,736
Current Year Depreciation Expense		(142,392)

The issuance of long-term debt (e.g. leases) provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The following are effects of the difference in the treatment of long-term debt:

Other Financing Sources		(568,570)
Lease Principal		<u>135,496</u>

<b>Change in Net Position of Governmental Activities</b>	<b>\$</b>	<b><u>(71,700)</u></b>
--	-----------	------------------------

See accompanying notes.



**NOTES TO FINANCIAL STATEMENTS**  
**CLEAR CHOICE ACADEMIES, INC.**  
*(A Component Unit of the Marion County District School Board)*  
**OCALA, FLORIDA**

**Note 1 - Summary of Significant Accounting Policies**

On January 1, 2021, the school officially changed its name from Ocali Charter Middle School, Inc. to Clear Choice Academies, Inc. (the Corporation). In the future, management and the Board of Directors would like to open additional locations and schools to develop a Clear Choice Academies, Inc. family of charter schools. The Corporation currently operates Ocali Charter Middle School and has been approved for a new charter for Ocali Charter High School. Ocali Charter High School is in the start-up process and is scheduled to open August 2023.

The accounting policies of the Corporation conform to generally accepted accounting principles as applicable to governments. The more significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

**Reporting Entity**

The Corporation is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the *Florida Not-For-Profit Corporation Act*, and Section 1002.33, Florida Statutes. The not-for-profit corporation conducts business as the Corporation. The governing body of the Corporation is the not-for-profit corporation's Board of Directors. The Corporation is currently exempt from state and federal income tax under Section 501(c)(3) of the Internal Revenue Code and is not a private foundation. Accordingly, no provision has been made for income tax liabilities or expenses.

The general operating authority of the Corporation is contained in Section 1002.33, Florida Statutes. Each school within the Corporation operates under a charter of the sponsoring school district, the Marion County District School Board (the District). The current charter for Ocali Charter Middle School is effective until June 30, 2024, and the charter for Ocali Charter High School is effective until June 30, 2027. 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. Pursuant to Section 1002.33(8)(e), Florida Statutes, the charter school contract provides that in the event the Corporation is dissolved or terminated, any unencumbered funds and all school property purchased with public funds automatically revert to the District. During the term of the charter, the District may also terminate the charter if good cause is shown. The Corporation is considered a component unit of the District.

Criteria for determining if other entities are potential component units of the Corporation, which should be reported with the Corporation's basic financial statements, are identified and described in the Governmental Accounting Standards Board's (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*, Sections 2100 and 2600. The application of these criteria provide for identification of any entities for which the School is financially accountable and other organizations for which the nature and significance of their relationship with the Corporation are such that exclusion would cause the Corporation's basic financial statements to be misleading or incomplete. Based on these criteria, no component units are included within the reporting entity of the Corporation.

**Government-Wide Financial Statements**

The government-wide financial statements (the Statement of Net Position and the Statement of Activities) report information on all of the activities of the Corporation. Governmental activities are reported

**NOTES TO FINANCIAL STATEMENTS**  
**CLEAR CHOICE ACADEMIES, INC.**  
*(A Component Unit of the Marion County District School Board)*  
**OCALA, FLORIDA**

separately from business-type activities, which rely on fees charged to external parties as their primary revenues. The Corporation has no business-type activities.

The Statement of Net Position reports the Corporation's financial position as of the end of the fiscal year. In this statement, the Corporation's net position is reported in three categories: net invested in capital assets, restricted net position, and unrestricted net position.

The Statement of Activities is displayed using a net-cost format and reports the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: 1) charges for services that are directly related to a given function, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Other items not properly included among program revenues are reported instead as general revenues.

**Fund Financial Statements**

The financial transactions of the Corporation are reported in individual funds in the fund financial statements. The governmental fund statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental funds.

The following funds are used by the Corporation:

*Governmental Funds:*

- General Fund—The General Fund is the general operating fund of the Corporation. It is used to account for all financial resources.
- Capital Projects Fund—The Capital Projects Fund is used to account for financial resources associated with charter school capital outlay funds that are restricted to capital uses.

The Corporation has no non-major funds.

**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 recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Corporation considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when the related fund liability is incurred. However, debt service expenditures are recorded only when payment is due.

Most revenues are considered to be susceptible to accrual and have been measured in the current fiscal period. Certain other items are considered to be measurable and available only when cash is received.

**NOTES TO FINANCIAL STATEMENTS**  
**CLEAR CHOICE ACADEMIES, INC.**  
*(A Component Unit of the Marion County District School Board)*  
**OCALA, FLORIDA**

**Cash**

Cash consists of deposits in financial institutions. At times, such deposits may be in excess of the Federal Deposit Insurance Corporation (FDIC) insurance limit. At June 30, 2023, there were no amounts in excess of FDIC insurance coverage. The Corporation has no policy regarding deposit custodial credit risk.

**Accounts Receivable**

Receivables are recorded by the Corporation for funds to be received from various federal and state grants as revenues are earned. An allowance for uncollectible receivables has not yet been recorded, all amounts are deemed collectible.

**Prepays**

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.

**Capital Assets and Depreciation**

Capital assets are defined by the Corporation as assets with an initial, individual cost of \$1,000 or more and an estimated useful life of more than one year. These assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value on the date of donation. Furniture, fixtures, and equipment have an estimated useful life of 3 years and leasehold improvements have an estimated useful life of 15 years; all are depreciated using the straight-line method.

**Revenue Sources**

Revenues for current operations are received primarily from the District pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Florida Statutes, the School reports the number of full-time equivalent (FTE) students and related data to the District. Under the provisions of 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. Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the Florida Educational Finance Program and the actual weighted FTE students reported by the Corporation during the designated FTE student survey periods. The Corporation also receives other local revenues that consist of contributions, school events, and fundraisers.

**Compensated Absences**

The Corporation does not pay for employees' unused sick and vacation time and unused time does not accumulate. Therefore, no liability for compensated absences is recorded.

**Leases**

The Corporation has entered into a right-to-use building agreement for classroom and office space for Ocali Charter Middle School. When the Corporation is the lessee, the contracts result in recognition of a right-to-use intangible asset that is offset by a corresponding lease liability. Lease intangible assets are reported with the capital assets and lease liabilities are reported with long-term liabilities on the government-wide financial statements.

**NOTES TO FINANCIAL STATEMENTS**  
**CLEAR CHOICE ACADEMIES, INC.**  
*(A Component Unit of the Marion County District School Board)*  
**OCALA, FLORIDA**

**Net Position**

Net position represents the difference between assets and liabilities and is reported in three categories as hereafter described. Net invested in capital assets represents capital assets, net of accumulated depreciation and any outstanding debt related to those assets. Net position is reported as restricted when there are legal limitations imposed on its use by legislation, or external restrictions imposed by other governments, creditors, or grantors. Unrestricted net position is net position that does not meet the definition of the classifications previously described.

When both restricted and unrestricted resources are available for use, it is the Corporation's policy to use restricted resources first, and then unrestricted resources as they are needed.

**Fund Balance Classifications**

Governmental funds report separate classifications of fund balance, the Corporation maintains the following classification:

- **Non-Spendable:** This classification includes amounts that cannot be spent because they are either: (a) not in a spendable form, or (b) they are legally or contractually required to be maintained intact. The Corporation has prepaid assets and deposits that are not in a spendable form.
  
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources whether: (a) externally imposed by creditors (such as through debt covenant), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation. The Corporation has received School Recognition Funds from the FDOE for distribution to teachers.
  
- **Unassigned:** Unassigned fund balance is the residual classification for the general fund. It is the policy of the Corporation to use restricted resources to the extent which they are available, then committed resources, followed by assigned resources. Once these are consumed, the Corporation will then use unassigned resources. The Corporation does not have a formal policy requiring a minimum fund balance.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates. Actual results could differ from those estimates.

**Budgetary Information**

An annual budget is adopted on the modified accrual basis of accounting, consistent with generally accepted accounting principles. Amendments to the budget can only be made with the approval of the Board of Directors. The fund is the legal level of control. For the year ended June 30, 2023, the Corporation had an excess of expenditures over revenues.

**NOTES TO FINANCIAL STATEMENTS**  
**CLEAR CHOICE ACADEMIES, INC.**  
*(A Component Unit of the Marion County District School Board)*  
**OCALA, FLORIDA**

**Adoption of New Accounting Standards**

For the year ended June 30, 2023, the financial statements include the adoption of GASB Statement No. 87, *Leases*. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

**Note 2 - Capital Assets and Depreciation**

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

	Balance	Increases	(Decreases)	Balance
<b>Capital Assets Being Depreciated</b>				
Furniture, Fixtures, and Equipment	\$ 27,683	\$ 8,774	\$ -	\$ 36,457
Leasehold Improvements	39,363	15,000	-	54,363
Computer Software	10,367	1,392	-	11,759
Right to Use Asset - Building	-	568,570	-	568,570
<b>Total Capital Assets Before Depreciation</b>	<b>77,413</b>	<b>593,736</b>	<b>-</b>	<b>671,149</b>
<b>Accumulated Depreciation</b>				
Furniture, Fixtures, and Equipment	23,610	2,636	-	26,246
Leasehold Improvements	13,619	2,708	-	16,327
Computer Software	8,167	1,552	-	9,719
Right to Use Asset - Building	-	135,496	-	135,496
<b>Total Accumulated Depreciation</b>	<b>(45,396)</b>	<b>(142,392)</b>	<b>-</b>	<b>(187,788)</b>
<b>Total Depreciated, Net</b>	<b>\$ 32,017</b>	<b>\$ 451,344</b>	<b>\$ -</b>	<b>\$ 483,361</b>

Depreciation expense was allocated in the Statement of Activities, to the following:

Instruction	\$ 3,558
General Support	<u>138,834</u>
<b>Total</b>	<u><u>\$ 142,392</u></u>

**Note 3 - Lease Payable**

The Corporation entered into a five-year lease agreement for space for Ocali Charter Middle School beginning in 2016. This agreement expired in 2021 and Ocali Charter Middle School continued to lease space on a month-to-month basis. During 2022, the agreement was renewed and extended until March 31, 2026. An initial lease liability was recorded in the amount of \$568,570 during the current fiscal year. As of June 30, 2023, the balance of the lease liability was \$433,074.

**NOTES TO FINANCIAL STATEMENTS**  
**CLEAR CHOICE ACADEMIES, INC.**  
*(A Component Unit of the Marion County District School Board)*  
**OCALA, FLORIDA**

The Corporation is required to make monthly principal and interest payments of \$13,600 which escalate by \$600 on April 1 of each year. The lease has an imputed interest rate of 4.75% based on prime rates. The value of the right-to-use asset as of the end of the current fiscal year was \$568,570 and an accumulated amortization of \$135,496 is included in the Capital Assets table in Note 2.

<u>Balance</u> <u>July 1, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2023</u>
\$ -	\$ 568,570	\$ 135,496	\$ 433,074

Principal and interest requirements for the lease liability as of June 30, 2023, are as follows:

<u>Fiscal Year</u> <u>Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 146,980	\$ 17,420	\$ 164,400
2025	159,021	10,179	169,200
2026	127,073	2,527	129,600
<b>Total</b>	<u>\$ 433,074</u>	<u>\$ 30,126</u>	<u>\$ 463,200</u>

**Note 4 - Defined Contribution Pension Plan**

The Corporation has a 403(b) defined contribution retirement plan covering substantially all employees. The plan is the Ocali Charter Middle School, Inc. 403(b) Retirement Plan (the Plan). The Plan is administered by the Corporation and its Trustees are the Schools' Board of Directors. Authority to amend the Plan rests with the Trustees. The matching contribution is determined by the Trustees annually. The matching contribution for the year ended June 30, 2023, was 100% of each participant's contribution, up to 3% of each participating employee's compensation. Vesting occurs ratably over five years of service. Employer contributions, net of forfeitures (retirement expense) to the Plan during fiscal year ended June 30, 2023, was \$17,967.

**Note 5 - Risk Management and Legal Claims**

The Corporation is exposed to various risks of loss, including general liability, personal injury, workers' compensation, and errors and omissions. To manage its risks, the Corporation has purchased commercial insurance.

**Note 6 - Interfund Disclosures**

Interfund receivables and payables are the result of the allocation of prepaid expenses that were paid in advance between the general fund and the capital projects fund. These balances are expected to be liquidated within one year.

The composition of interfund balances as of June 30, 2023, is as follows:

**NOTES TO FINANCIAL STATEMENTS**  
**CLEAR CHOICE ACADEMIES, INC.**  
*(A Component Unit of the Marion County District School Board)*  
**OCALA, FLORIDA**

<b>Fund</b>	<b>Interfund Advances Receivables</b>	<b>Interfund Advances Payables</b>
General Fund	\$ 11,095	\$ -
Capital Projects Fund	\$ -	\$ 11,095

**Note 7 - Commitments and Subsequent Events**

Subsequent to year-end, the Corporation opened Ocali Charter High School. This is the second Charter school owned and operated by the Corporation and operates under a separate charter with the Marion County District School Board. Classes for 9<sup>th</sup> and 10<sup>th</sup> grade are scheduled to begin August 10, 2023, with enrollment at 80%.

On March 8, 2023, the Corporation entered into a 20-year Build-to-Suit Lease agreement for building space for the high school with an estimated cost of \$3.8 million over the life of the lease. This lease is scheduled to commence on August 1, 2023. Ocali Charter High School is the recipient of a Florida Public Charter School Grant for Planning, Program Design, and Implementation in the amount of \$700,000 from the FDOE. The Corporation will use this to assist with start-up costs related to the high school.

**REQUIRED SUPPLEMENTARY INFORMATION**



**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2023**  
**CLEAR CHOICE COMPANIES, INC.**  
*(A Component of the Marion County District School Board)*  
**OCALA, FLORIDA**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
State Revenue:				
Florida Education Finance Program	\$ 1,653,730	\$ 1,653,730	\$ 1,538,277	\$ (115,453)
Other State Revenue	1,798	1,798	1,798	-
Local Revenue:				
Other Local Revenue	64,113	64,113	62,014	(2,099)
Interest Income	12	12	13	1
<b>Total Revenues</b>	<u>1,719,653</u>	<u>1,719,653</u>	<u>1,602,102</u>	<u>(117,551)</u>
<b>Expenditures</b>				
Current:				
Instruction	919,922	918,110	916,510	1,600
General Support	704,301	752,137	701,722	50,415
Community Service	1,000	-	17,099	(17,099)
Maintenance Plant	2,300	5,200	5,118	82
Capital Outlay	-	25,166	25,166	-
Debt Service	-	26,457	26,457	-
<b>(Total Expenditures)</b>	<u>(1,627,523)</u>	<u>(1,727,070)</u>	<u>(1,692,072)</u>	<u>34,998</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	92,130	(7,417)	(89,970)	(82,553)
<b>Beginning Fund Balance</b>	<u>159,166</u>	<u>156,166</u>	<u>159,166</u>	3,000
<b>Ending Fund Balance</b>	<u>\$ 251,296</u>	<u>\$ 148,749</u>	<u>\$ 69,196</u>	<u>\$ (79,553)</u>

**Note to Schedule**

An annual budget is adopted on the modified accrual basis of accounting, consistent with generally accepted accounting principles. Amendments to the budget can only be made with the approval of the Board of Directors. The fund is the legal level of control.

## **ADDITIONAL INFORMATION**

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

To the Board of Directors  
Clear Choice Academies, Inc.  
Ocala, Florida

We have audited, 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, the financial statements of the governmental activities and each major fund of Clear Choice Academies, Inc. (the Corporation) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements and have issued our report thereon dated October 6, 2023.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Corporation'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 Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Corporation'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. 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 or significant deficiencies may exist that were not identified.

CERTIFIED PUBLIC ACCOUNTANTS

Gainesville | Ocala | Tallahassee | Sarasota | Orlando | Tampa

[purvisgray.com](http://purvisgray.com)

Members of American and Florida Institutes of Certified Public Accountants

An Independent Member of the BDO Alliance USA

To the Board of Directors  
Clear Choice Academies, Inc.  
Ocala, Florida

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

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance 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 no instances of non-compliance 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 Corporation'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 Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



October 6, 2023  
Ocala, Florida

## MANAGEMENT LETTER

To the Board of Directors  
Clear Choice Academies, Inc.  
Ocala, Florida

### Report on the Financial Statements

We have audited the financial statements of Clear Choice Academies, Inc. (the Corporation) as of and for the fiscal year ended June 30, 2023, and have issued our report thereon dated October 6, 2023.

### 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 on 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 October 6, 2023, 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 in the prior year 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 and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title of the entity is Clear Choice Academies, Inc. and the Florida Department of Education issued school code is 9695.

### 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 Corporation 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 Corporation did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

## CERTIFIED PUBLIC ACCOUNTANTS

Gainesville | Ocala | Tallahassee | Sarasota | Orlando | Tampa

purvisgray.com

Members of American and Florida Institutes of Certified Public Accountants

An Independent Member of the BDO Alliance USA

To the Board of Directors  
Clear Choice Academies, Inc.  
Ocala, Florida

## MANAGEMENT LETTER

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 Corporation'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 Corporation maintains on its website the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that the Corporation maintained on its website the information specified in Section 1002.33(9)(p), Florida Statutes.

### Additional Matters

Section 10.854(1)(e)4., *Rules of the Auditor General*, requires us to communicate non-compliance with provisions of contracts or grant agreements, or abuse, that have occurred or is likely to have occurred, that have an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not note 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, the local District School Board, and the Board of Directors, and management of the Corporation and is not intended to be, and should not be, used by anyone other than these specified parties.



October 6, 2023  
Ocala, Florida

# PURVIS GRAY

CERTIFIED PUBLIC ACCOUNTANTS

Gainesville | Ocala | Tallahassee | Sarasota | Orlando | Tampa

[purvisgray.com](http://purvisgray.com)